L&T Finance

July 4, 2023

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

Symbol: L&TFH

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

Security Code No.: 533519

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

Sub: Submission of the Integrated Annual Report for the financial year 2022-23 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 Integrated Annual Report of the Company for the financial year 2022-23 ("Annual Report") along with the Notice of the Fifteenth Annual General Meeting ("Notice") of the Company to be held on Friday, July 28, 2023 at 4:00 p.m. through electronic mode (video conference or other audio visual means). In accordance with the circulars issued by Ministry of Corporate Affairs and SEBI, 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.

We request you to take the aforesaid on records.

For **L&T Finance Holdings Limited**

APURVA NEERAJ RATHOD
Digitally signed by APURVA NEERAJ RATHOD
Date: 2023.07.04 12:04:01 +05'30'

Apurva Rathod
Company Secretary and Compliance Officer

Encl: as above

Accelerating towards

LAKSHYA

RETAIL ▶ DIGITAL ▶ SUSTAINABLE

INTEGRATED ANNUAL REPORT 2022-23

L&T Finance

Accelerating towards
LAKSHYA
RETAIL ▸ DIGITAL ▸ SUSTAINABLE

L&T Finance embodies a commitment to innovation, digital, and customer focus, revolutionising the realm of financial services and opening up new opportunities. Our organisational principles revolve around scalability and sustainability, as demonstrated by our proven track record of delivering value to all stakeholders. We prioritise responsible business practices, integrity, and consistency, which drive our day-to-day operations.

To foster growth, we place great emphasis on digital as the foundation of our strategy. By harnessing state-of-the-art technology, our goal is to promote innovation and efficiency throughout our operations, continuously improving our capabilities to meet the diverse needs of our customers.

As we strive towards our strategic objectives, we prioritise retail loans, fintech solutions, and data analytics as the cornerstones of our development. By focusing our efforts on these areas, we strengthen our market presence and foster sustainable progress. Our robust risk management framework ensures that we approach these endeavours with caution and accuracy.

Through seamless integration of retail, digital, and sustainability, we are advancing on an upward trajectory. With a clear vision and unwavering determination, we are Accelerating towards Lakshya, guided by our purpose and perseverance.

Corporate Information

Board of Directors

S. N. Subrahmanyan
Non-Executive Director & Chairperson

Dinanath Dubhashi
Managing Director & Chief Executive Officer

R. Shankar Raman
Non-Executive Director

Shailesh Haribhakti
Independent Director

P. V. Bhide
Independent Director

Thomas Mathew T.
Independent Director

Rajani R. Gupte
Independent Director

Pavninder Singh
Nominee Director

Company Secretary

Apurva Rathod

Statutory Auditors

M/s KKC & Associates LLP (formerly known as Khimji and Kunverji & Co LLP)

Registered Office & Investor Service Centre

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

Registrar & Share Transfer Agents

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

Quick Information

Market Capitalisation as on March 31, 2023	: ₹ 20,345.70 Cr
BSE Code	: 533519
NSE Symbol	: L&TFH
AGM Day & Date	: Friday, July 28, 2023
AGM Mode	: Video-Conference/Other Audio-Visual Means

ABOUT THE REPORT

Accelerating towards

LAKSHYA

RETAIL ▶ DIGITAL ▶ SUSTAINABLE

At L&T Finance Holdings Limited and its subsidiaries (collectively referred to as 'LTF' or 'your Company'), delivering products and services sustainably to its customers has been a key focus. To further this commitment, it adopted 'Lakshya 2026' strategy in FY22 which centres on moving towards a customer-centric approach. This is being accomplished through the four key pillars of:

- **Sustained profit and growth engine**
- **Demonstrable strength in risk management**
- **Creating Fintech@Scale**
- **Sustainable future growth through ESG**

LTF has taken significant strides in achieving the objectives it has set for itself in its Lakshya strategy. Your Company has been disclosing its performance on ESG annually through Sustainability and Integrated Reports since FY19. For FY23, it aims to report on the financial and non-financial performance through an Integrated Annual Report (Report). Through this, your Company endeavours to present a holistic view of its strategic approach, goals and objectives, the performance against these and the way forward.

REPORTING GUIDELINES

The financial information in Report has been prepared in line with the requirements of:

- The Companies Act, 2013 (including the rules made thereunder)
- The Companies (Accounting Standards) Rules, 2006
- The Securities and Exchange Board of India (Listing and Obligations and Disclosure Requirements) Regulations, 2015
- The Banking Regulation Act, 1949, and other relevant RBI regulations

The non-financial information in this Report has been prepared in accordance with the applicable regulatory requirements and the principles of the <IR> framework prescribed by the International Integrated Reporting Council (IIRC). The disclosures made are in line with the Global Reporting Initiative (GRI) Standards for the period April 1, 2022 and/or as on March 31, 2023. Additionally, the Report is aligned with:

- National Guidelines on Responsible Business Conduct (NGRBC)
- Business Responsibility and Sustainability Reporting (BRSR) requirements prescribed by the Securities and Exchange Board of India (SEBI)
- United Nations Sustainable Development Goals (UN SDGs)
- Task Force on Climate-Related Financial Disclosures (TCFD)

REPORTING BOUNDARY

The Report details the performance of LTF for the period between April 1, 2022 and/or as on March 31, 2023, and provides the performance of its corporate office, 1,861 branches, including closed and handed over branches. The restatements of information for FY22 wherever applicable, have been provided.

Rural Business Loans & Micro Finance both were part of erstwhile Micro Loans; the split has been made following RBI circular on Micro Finance Institutions.

PRECAUTIONARY PRINCIPLE

LTF adopts a precautionary approach in risk management and lending decisions to mitigate any adverse social and environmental impacts. Principles such as stakeholder inclusiveness, completeness and materiality were followed while preparing this Report. The same is enumerated across various sections of Report.

ASSURANCE

Your Company undertook a thorough internal validation process during the development of this Report to ensure the quality and reliability of the information disclosed herein. The disclosures were subjected to an independent third-party external assurance process. Ernst & Young Associates LLP, an independent external assurance provider, has assured the Report, in accordance with limited assurance requirements based on ISAE 3000 Assurance standards. The assurance statement forms a part of this report.

To facilitate access to the available information, links are included throughout this Report to relevant corporate website pages. For any queries and feedback on the information presented in this Report, you can write to igrc@ltfs.com.

WHO WE ARE

L&T Finance Holdings Limited (LTFH) is one of the leading Non-Banking Financial Company (NBFC), offering a range of financial products and services through its subsidiary L&T Finance Limited under the L&T Finance brand. Headquartered in Mumbai, the Company has been rated AAA - the highest credit rating for NBFCs - by four leading rating agencies.

LTF's unwavering commitment to upholding the legacy of its parent company, Larsen & Toubro Limited (L&T), is deeply ingrained in its approach to conducting business. The L&T Group is one of the most respected and renowned companies in India's private sector. L&T Group has established an enviable reputation over the last eight decades by upholding high quality and customer satisfaction standards. L&T has excelled in multiple areas, including technology, engineering, construction, and manufacturing, and maintains its leadership position within the industry.

VISION

- To be a top-class 'digitally-enabled' retail finance company moving from 'product-focused' to 'customer-focused' approach, creating sustainable value for all our stakeholders

VALUES

- Ambition
- Pride
- Discipline
- Integrity

DETERMINATION

- Top notch Retail NBFC
- Catering to the rural, urban mass affluent, aspirer & SME segment
- Using digital & data analytics
- Creating a creditworthy pool of customers for retention, upsell & cross-sell
- Delivering top class sustainable RoA

LTFH became a publicly listed company in 2011, three years after its inception. RBI has registered the Company as a Non-Banking Financial Company Core Investment Company (NBFC-CIC).

LTFH has its shares listed on the Stock Exchanges in India.

Board of Directors

Mr. S. N. Subrahmanyan

Non-Executive Director & Chairperson

Mr. S. N. Subrahmanyan is the CEO & MD of Larsen & Toubro Limited and serves on the board of directors of this multi billion dollar conglomerate.

SNS, as he is popularly known, is also Vice Chairman on the boards of LTIMindtree and L&T Technology Services, Chairman of L&T Metro Rail (Hyderabad) Limited, and Director and Chairperson of L&T Finance Holdings Limited.

Prior to becoming CEO & MD in July 2017, SNS led L&T's infrastructure business to its position as the country's largest construction organisation and 14th in the world. He is now responsible for leading the breadth and width of L&T's considerable business interests to new growth levels, riding on the enormous benefits of digitalisation, big data, and predictive analysis that he drives internally with exceptional zeal. He places a premium on innovation, project management and talent development, particularly in leadership roles.

Hailing from Chennai, India, SNS commenced his professional journey with L&T in 1984 as a project planning engineer armed with a degree in civil engineering and a post-graduation in business management. Mentored by stalwarts, he took on roles of increasing responsibility across business verticals. With an entrepreneurial mindset, drive, and foresight, he led L&T's foray into executing developmental projects starting with the extremely successful HITEC City project in Hyderabad and Bangalore International Airport. He successfully set up the Ready Mix business in India for the first time, bagged mandates to design & build all major international airports in India and ventured into untapped geographies like the Middle East, Africa & ASEAN.

Under his leadership, SNS has transformed L&T into a company that builds the tallest, largest, longest, smartest, and most complex to Speed & Scale. L&T is among the three Indian companies to feature in the top 46 Most Honoured Companies according to the New York-based B2B publication, Institutional Investor, and has featured on the Forbes list as one of the world's best employers.

SNS has been ranked 8th in the Construction Week Power 100 Ranking for 2022. In 2020, he was ranked as the Top CEO (Sell Side) and the 3rd Best CEO (Overall) in the All-Asia Executive Team Survey conducted by Institutional Investor. In 2019, he was conferred the Emergent CEO Award at the CEO Awards and in March 2022, he was recognized as the winner in the Infrastructure & Engineering category of the Business Today-PwC India's Best CEOs ranking.

SNS holds positions of pre-eminence on various industry bodies, construction institutions and councils. In February 2021, he was appointed as the Chairman of the National Safety Council (NSC) for three years by the Union Ministry of Labour & Employment and he is one of nine founding members of the Climate Finance Leadership Initiative (CFLI).

Mr. Dinanath Dubhashi

Managing Director & Chief Executive Officer

With a rich experience of over three decades, Mr. Dinanath Dubhashi has worked in multiple, domains of Financial Services such as Retail & Infrastructure lending, Rural Finance, Corporate Banking, Cash Management, Credit Ratings, Insurance and Wealth Management.

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

The strategy roadmap defined under his leadership has transformed LTF into an organisation focused on delivering sustainable top quartile RoE through decisive strategic choices. The increase in retail proportion of loan book under his leadership to 75% in FY23, has been built on the foundations of distinctive digital and analytics-based offering and a robust risk management framework.

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

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

Mr. R. Shankar Raman

Non-Executive Director

Mr. R. Shankar Raman is a qualified Chartered Accountant and a Cost Accountant. Over the past 39 years, Mr. Shankar Raman has worked in varied capacities in the field of finance.

Mr. Shankar Raman joined L&T Group in November 1994 to set up L&T Finance Limited, a wholly owned subsidiary. Over the years, Mr. Shankar Raman assumed responsibilities to oversee the entire finance function at the Group level including functions like Risk Management, Investor Relations, Mergers & Acquisitions and Legal. Mr. Shankar Raman was appointed as Chief Financial Officer of Larsen & Toubro Limited in September 2011 and subsequently elevated to the Board on October 1, 2011. Mr. Shankar Raman is also on the Board of several companies within the L&T Group.

Mr. Shankar Raman has been a recipient of several awards such as Best CFO of Asia in the Industrial Sector in a survey conducted by the prestigious New York based Institutional Investor Magazine, winner of Best CFO Awards from CNBC TV18, Financial Express, and Business Today. Mr. Shankar Raman is also the recipient of the Life Time Achievement Award in the field of Finance from Financial Express.

Mr. Shankar Raman is presently a member of the Advisory Committee to The Insolvency and Bankruptcy Board of India (IBBI) on Corporate Insolvency & Liquidation and also a member of the SEBI - Corporate Bonds and Securitization Advisory Committee (CoBoSAC). He is also a member of CII National Committee on Financial Reporting & CII National Committee for CFOs.

Mr. Shankar Raman is the past Chairman of the CII's National Committee of CFOs. He was also a member of Uday Kotak's Committee on Corporate Governance constituted by SEBI.

Mr. Shailesh Haribhakti

Independent Director

Mr. Shailesh Haribhakti is a renowned Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner, and Fraud Examiner, with over five decades of experience. Mr. Haribhakti is the Chairman of Shailesh Haribhakti & Associates Chartered Accountants, and the Vice Chairman of GOvEVA Consulting Private Limited. He has been conferred with the Global Competent Boards Designation (GCB.D) by Competent Boards Inc, Canada, and presented with the honorary PhD title of 'Doctor of Letters' by ITM University. He has been awarded the 'Vivekananda Sustainability Award – 2022' by Vivekananda Youth Connect Foundation.

A proponent of a clean and green environment, he is credited to have successfully established the concept of 'Innovate to Zero' and technology enabling CSR/ESG/Sustainability. In the space of dispute settlement and arbitration, he has demonstrated his expertise as Expert Witness and Valuer in both domestic and international jurisdictions. He represented India on the Standards Advisory Council (SAC) of the International Accounting Standards Board (IASB) in London for two years. He worked with Polish Business Advisory Services (PBAS), an affiliate of IFC Washington, to establish Activity-based costing and Strategic Planning Processes in Polish SMEs.

In addition, Mr. Haribhakti is currently the Non-Executive Chairman of the Board of Bluestar Limited, Cynergis Infotech India Private Limited, Protean e-Gov Technologies Limited, and Chairman of IBS Fintech India Private Limited, Planet People & Profit Consulting Private Limited, YCWI Green Solutions Private Limited. He is also a Board Member of several leading companies including Adani Total Gas Limited, Bajaj Electricals Limited, Bennett Coleman and Company Limited (Times Group), Brookprop Services Private Limited (a Brookfield REIT), Future Generali India Life Insurance Company Limited, Gaja Trustee Company Private Limited (Gaja Capital Group), L&T Finance Holdings Limited, Torrent Pharmaceuticals Limited, amongst others.

In recent times, some prominent Boards and Board Committees led by him have been recognized with coveted awards, which speak of his penchant for excellence in the areas of corporate governance and sustainability. Mr. Haribhakti has been associated with many management institutions as well as industry and professional forums. He has led the Bombay Management Association, Institute of Internal Auditors, Bombay Chapter, Western India Regional Council, Institute of Chartered Accountants of India, Indian Merchants Chambers, Financial Planning and Standards Board, India, and Rotary Club of Bombay over the last many decades. Mr. Haribhakti has served on the Securities and Exchange Board of India's Committee on Disclosures and Accounting Standards and Takeover Panel and was Chairman of the NPS (National Pension Scheme) Trust from 2015-2017.

Mr. P. V. Bhide

Independent Director

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

He has done B.Sc. (Hons. Chemistry), LLB from Faculty of Law, Delhi University and holds a Masters degree in Business Administration.

Mr. Thomas Mathew T.

Independent Director

Mr. Thomas Mathew T. has over four decades of strategic leadership and operational experience in the Life Insurance and Reinsurance industry. He was the Managing Director and Interim Chairman of L.I.C. of India. 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 of the Governing Council of the MDI, Gurgaon, Actuarial Institute of India & Chairman of The National Insurance Academy, Pune. He was also a member of the 'Take Over Panel' of SEBI.

Mr. Mathew is a Director on the Boards of Canara HSBC Life Insurance Company, LIC (International) B.S.C.(c), Bahrain and subsidiaries of the Company.

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

Dr. Rajani R. Gupte

Independent Director

Dr. Rajani R. Gupte is the Vice Chancellor of the Symbiosis International University, Pune.

An academic with over 40 years of experience in teaching, research and administration, she has extensive experience as an institution-builder. She has received several awards for her outstanding contribution to education.

She is an Independent Director on the Boards of several companies in the financial sector. She has served on various committees of the Confederation of Indian Industries (CII) and University Grants Commission, India. She has been appointed by UGC as a member of the Western Zonal Committee for the implementation of National Education Policy, 2020.

She is part of a Think Tank of eminent economists formed by NITI Aayog and is also a member of NITI Aayog Consultation Group of Experts for the Education Vertical.

A distinguished academic, she received her Doctorate degree in Economics from the prestigious Gokhale Institute of Economics and Politics, Pune.

Mr. Pavninder Singh

Nominee Director

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

He currently serves on the Boards of Quest, L&T Finance Holdings Limited, Brillio. Prior to Bain, he served as a Co-Chief Executive Officer of Medrishi.com. He also served as a Consultant at Mercer Management Consulting, where he consulted in the e-commerce, retail and energy industries.

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

Group Executive Committee

Dinanath Dubhashi

Managing Director & Chief Executive Officer

Sudipta Roy

Chief Operating Officer

Sachinn Joshi

Group Chief Financial Officer

Raju Dodti

Chief Executive - Wholesale and SME Finance

Sanjay Garyali

Chief Executive - Urban Finance

Abhishek Sharma

Chief Digital Officer

Sonia Krishnankutty

Chief Executive - Rural Business Finance

Rupa Rege Nitsure

Group Chief Economist

Tushar Patankar

Chief Risk Officer
L&T Finance Limited

Santosh B. Parab

General Counsel

Apurva Rathod

Group Head - Secretarial and CSR & Sustainability

Asheesh Goel

Chief Executive - Farmer Finance

PERFORMANCE HIGHLIGHTS

FINANCIAL CAPITAL

75%
Retailisation

69%
Highest-Ever Annual Retail Disbursement

₹ 61,053 Cr
Retail Book

₹ 1,384 Cr
Retail PAT

₹ 1,623 Cr
Consol PAT

85%
Retail Contribution to PAT

7.46%
Lowest-Ever Yearly WAC

INTELLECTUAL CAPITAL

₹ 240 Cr+
Digital Collections

₹ 1,650 Cr+
Digital Sourcing

74%
Customer Interactions through Digital Channels

30 lakhs+
PLANET App Downloads

4.5
Star Rating on Google Play Store (PLANET App)

4.3
Star Rating on iOS App Store (PLANET App)

MANUFACTURED CAPITAL

2 Cr+
Customer Database

25 lakhs+
Repeat Customers in Rural Group Loans & Micro Finance

51.5%
Proportion of Rural Loan Book* from Low-Income States#

1,862
Number of Branches pan India (including corporate office)

28,000+
Partner Touchpoints

~2,00,000
Villages Served

100+
Cities/Towns Served

*Rural Loan Book includes Rural Business Finance & Farmer Finance
Low-income states as per National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India

HUMAN CAPITAL

27,506
Total Employees

27%
Women in Group Executive Committee

1.51
Male To Female Compensation Ratio

22%
Increase in Employee Volunteering Hours

23.98
Average Training Hours per Employee

SOCIAL AND RELATIONSHIP CAPITAL

30 lakhs+
CSR Beneficiaries*

11,600
Women Entrepreneurs*

1,370
Digital Sakhis*

200+
Digital Seva Kendras*

60.09 lakhs+
Women Beneficiaries Receiving Rural Group Loans and Micro Finance

6.57 lakhs+
NTC Customers in Rural Group Loans and Micro Finance in FY23

42
Number of Aspirational Districts Served#

*Data is as on March 31, 2023
Business presence in districts identified as 'Aspirational' by Government of India

NATURAL CAPITAL

28.92 lakhs+ tCO2e
Emissions Avoided

4%
Annual Reduction in Energy Consumption

~30%
Annual Reduction in CO2 Emissions*

23,539
Number of EVs Financed

50,000+
Saplings Planted

7,710 KG
Waste Recycled

280 lakhs KL+
Water Replenished

✔
Water Positive – Status Achieved

*Scope 1 & Scope 2 Emissions

Ratings, Awards & Recognition

AAA

Credit Rating by CRISIL, ICRA, CARE, India Ratings

ESG Ratings

CDP Score - Climate change 2022 - 'B' LTFH received a 'B' which is in the Management band. This is higher than the Asia regional average of C, and higher than the Financial services sector average of B-

In December 2022, LTFH received an ESG Risk Rating of 19.2 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG factor*

Performed in top decile in 'FBN Diversified Financial Services and Capital Markets Industry' in S&P Global Corporate Sustainability Assessment (Score as on February 17, 2023)

Constituent of the FTSE4Good Index Series
ESG Rating: 3.9
ICB Supersector: Financial Services
Percentile Rank: 87

***Disclaimer:** As of December 2022, L&T Finance Holding Limited received an ESG Risk Rating of 19.2 from Morningstar Sustainalytics and was assessed to be at Low risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating shall be constructed as investment advice or expert opinion as defined by the applicable legislation.

For ESG Ratings, please access, https://www.ltfs.com/csr

Best Website Redesign & Experience

Best Mobile App Experience of the Year for the PLANET App

Best Enterprise Security at the BFSI Technology Conclave 2023

Anti-Fraud Award at the 5th Annual Anti-Fraud Conclave and Awards

Customer Service Initiative Award at the 16th Customer Fest Leadership Awards 2023

Overall ESG Leadership by ESG India Leadership Award 2022

Dun & Bradstreet ESG Award 2023 for Business Sustainability

ICC - Environment Excellence Awards 2022 (Certification of Appreciation)

ICAI Sustainability Reporting Awards 2021-22, Won a plaque in the Integrated Reporting - Service Sector Category

Mahatma Award for Reporting and Transparency

IAMAI - Best Use of Technology to Drive CSR Initiative

Maharashtra CSR Award

Best Digital Financial Literacy CSR Film

Social and Business Enterprise Responsible Awards (SABERA) for Digital Sakhi Project

CHAIRMAN'S MESSAGE

Your Company's competitive advantage lies in the ability to meet the ever-dynamic financial needs of its customers, while also maintaining a sharp focus on asset quality, ensuring favourable return on assets and fostering steadfast growth in the retail segment.

Dear Stakeholders,

'Accelerating towards Lakshya - Retail, Digital and Sustainable' – the theme of our very first Integrated Annual Report published this year aptly describes our journey towards creating an organisation which is retail, digital in nature and sustainable. As we transcend into a future filled with newer avenues for our business supported by the growth of the Indian economy, it gives me immense pleasure to present a detailed account of our performance during the year.

As you are aware, we are all set to become a top-class, digitally-enabled, retail finance company moving from a 'product-focus' to a 'customer -focus' approach keeping our strategic plan Lakshya 2026 in mind which was unveiled in 2022. In FY23, we have taken significant strides towards achieving our Lakshya 2026 and are confident of achieving the same in FY24 itself. Your Company will continue its journey of retailisation and grow at a minimum of 25% CAGR going forward. Your Company intends to achieve this by building a Fintech@Scale Retail finance Company using digital extensively while offering products which are customer friendly with an objective to simplify and brighten lives.

Today, you can clearly see how your Company's focused strategy leading to robust business performance along with our efforts in the environmental, social and governance areas are creating value for all its stakeholders. The Integrated Annual Report was a natural progression for your Company as it makes sustainability a strong driver in your Company's strategy and growth story. This report is a vital part of the dialogue with our stakeholders, and we are delighted to present to you the details of our progress made so far.

From a macro economic perspective, the year gone by was a tough year as the entire world continued to reel under the after effects of the Covid-19 pandemic, with the Chinese economy registering a growth of 3%, one of its worst levels in nearly half a century. The Russian invasion on Ukraine made the situation worse as it disrupted global supply chains and shipments, thereby causing worldwide shortages which impacted consumption patterns. Besides, the banking sector turmoil led to commodity prices coming under pressure.

But for India the situation was different. On the economic front, India had moved out of the shadows of the pandemic and most sectors witnessed advances towards growth. Moreover, like many other countries, India too grappled with the challenge of inflation, a problem accentuated by geopolitical tensions. However, policy measures taken thereafter have been able to control the same, and India is looking better placed than most countries of the world. In fact, India is being seen as a bright spot in an otherwise challenging global growth outlook. Our nation holds a promising future when compared with the world's biggest economies with Europe hovering on the brink of potential recession and growth of U.S. economy slowing down.

FY23 was a year of performance for your Company – a focused retail business strategy, strengthened digital prowess, demonstrable risk management practices and an enhanced ESG plan as the hallmarks of growth last year have helped your Company take bold strides for creating a sustainable organisation.

The Indian economy has shown strong resilience to many international and domestic events during the last financial year. In the current financial year, the World Bank expects India to be the fastest-growing economy in terms of both aggregate and per capita gross domestic product among the largest emerging market and developing economies. The growth of the country will also aid the growth of your Company. Last year was a time for constructive thinking, renewed vigour, and a razor-sharp execution for your Company while keeping an eye on global and national developments.

Your Company has been consistently playing its part as an accelerator of India's growth story by providing access to funds and democratising credit. While your Company has been providing credit access through traditional means, it has slowly and steadily upped its digitisation strategy over the years to facilitate ease of operation and availability of quick credit. This completely aligns with the government's vision of 'Digital India'. And, this will also help support the underserved and unserved communities through access to organised credit thus freeing them from the clutches of the unorganised credit ecosystem.

FY23 was a year of performance for your Company – a focused retail business strategy, strengthened digital prowess, demonstrable risk management practices and an enhanced ESG plan as the hallmarks of growth last year have helped your Company take bold strides for creating a sustainable organisation. During the year, strong companies witnessed a pre-pandemic level expansion rhythm. Your Company too, on the back of a robust business model, achieved highest-ever retail disbursements and has an improved retail asset quality backed by new generation risk management practices.

Your Company's competitive advantage lies in the ability to meet the ever-dynamic financial needs of its customers while also maintaining asset quality, ensuring favourable return on assets and fostering steadfast growth in the retail segment. Your Company's forward-looking approach and the 'Right to Win' proposition has helped the Company become one of the leading financiers in key retail products. Over the course of the last few years, your Company, with a view to transform itself into a digitally-enabled customer focused retail financier, carried out a reorganisation of its business verticals and exited non-lending businesses like wealth management in the year 2020 and mutual fund business in 2022, coupled with a systematic accelerated reduction of the wholesale business.

The retail segment holds good promise and is growing significantly and providing opportunities to players like us. Today your Company is a leading financer of Farm Equipment finance, Rural Group Loans and Micro loans and Two-wheeler finance The powerful execution capability of your Company last year has led to surpassing the FY23 annual targets towards Lakshya 2026. The retail lending book now stands at 75% of the total book, the retail return on assets at the end of the fiscal stood at 2.46% while your Company's retail growth was 35% CAGR. Besides, our retail asset quality improved with Net Stage 3 at 0.71%.

In order to further strengthen the growing momentum towards Lakshya 2026, your Company scaled up all aspects of the business franchise - product portfolio, customer touchpoints, employee strength, and use of data analytics in doing business. Keeping customers at the core of our business, we are leveraging digitalisation as one of the means to ensure the seamless flow of services. Your Company continues to emphasize on the importance of digital technology to crosssell, up-sell and identify new customers by leveraging data, artificial intelligence, digital channel expansion, and dominating the customer mind space by creating a digital marketplace.

The PLANET app, one of the key anchors of being a Fintech@Scale, is constantly scaling up and has added features like farm advisory, education courses, utility payments, income expense and tracker in addition to existing customer journeys. This app intends to enable customer journeys digitally as much as possible as now a lot of customers prefer to transact digitally without any intervention.

As you are aware, your Company's Lakshya 2026 strategy stands on both business growth as well as the ESG and CSR commitments as a collective responsibility to the society we live in. Your Company believes that squarely addressing the environmental issues, social differences,

From the environmental perspective, we have been creating a positive impact through measures such as optimal resource utilisation, energy efficiency, and water conservation. We have reduced our GHG emissions by nearly 30% by taking active steps to reduce our carbon footprint. Our decarbonisation strategy also considers greater uptake of Renewable Energy in operations and financing Electric Vehicles.

and governance gaps is a business necessity to build a sustainable business. As a responsible player in the financial services sector, we firmly believe that the integration of ESG in business operations and processes is an important part of our corporate strategy.

From the environmental perspective, we have been creating a positive impact through measures such as optimal resource utilisation, energy efficiency, and water conservation. We have reduced our GHG emissions by nearly 30% by taking active steps to reduce our carbon footprint. Our decarbonisation strategy also considers greater uptake of Renewable Energy in operations and financing Electric Vehicles. At LTF, our objective is to generate maximum economic value while meeting our environmental and social obligations. On the community development front, your Company has been spearheading projects like the flagship CSR programme - Digital Sakhi, which promotes financial literacy in rural India, and Project Prakruti, which is extending the green cover that our planet truly needs at this hour, and consequently, augmenting villagers' incomes at the same time.

Thus, whether it is through our CSR initiatives or through our businesses and products, your Company is working towards the development of the community at large. This has helped inculcate a sense of awareness as well as belonging among your Company's employees to participate in the process and become the force multiplier towards Lakshya 2026.

When it comes to employees, your Company has taken various initiatives towards talent management, recognition, training and development. And, we also provide cross-functional opportunities to our employees keeping their aspirations in mind. Besides, we have also digitised the employee life cycle right from onboarding to relieving.

At LTF, we incorporate the tenets of good corporate governance, including transparency, accountability, and, most importantly, sustainability. In addition to building long-term shareholder value, we deploy the right processes, systems and personnel to efficiently manage LTF's business operations and its financial and non-financial performance. What makes LTF a trusted name in the industry is the set of principles and practices that your Company abides by for creating a firm foundation for value creation and remaining resilient during unforeseen contingencies. The Board directs and reaffirms LTF's vision and strategy, thus enabling an effective governance mechanism to achieve your Company's larger mission of value creation. As a responsible corporate citizen, your Company is committed to sound corporate governance practices based on openness, fairness, professionalism, transparency and accountability in developing the confidence of its various stakeholders.

Your Company has continued to build on the culture of excellence, which revolves around customer-centricity, diversity, and inclusivity, to meet the aspirations of delivering at the highest levels. As we end this year on a high note, I take this opportunity to acknowledge the efforts of each and every stakeholder including my fellow Board Members, the customers, the regulatory authorities, our partners and our employees, who have helped your Company achieve this position and express my sincere gratitude for their support in your Company's journey towards Lakshya 2026.

I firmly believe that the diversity of our people, our collaborative culture, and our long-standing relationship with our partners combined with the business strategywill help us attain our Lakshya goals well before time.

We remain unwavering in our commitment to achieving excellence in the years ahead. I strongly believe that together we can reach newer heights and create a long-lasting positive impact on society and our stakeholders.

Best Regards,

S. N. Subrahmanyan

Chairman

L&T Finance Holdings Limited

MANAGING DIRECTOR & CEO'S MESSAGE

Your Company has been successful in delivering on all the four pillars of its Lakshya 2026 - Sustained profit and growth engine, Demonstrable strength in risk management, Creating Fintech@scale and Sustainable future growth through ESG, even in a year when the economy was faced with various macro challenges.

99

Dear Stakeholders,

As I write to you, my heart is filled with gratitude as FY23 has been an outstanding year for your Company. It was the first year of our journey towards the Company's strategic plan, Lakshya 2026 and our accomplishments during the year demonstrates our strengths in execution towards creating a business and an organisation that is stable and sustainable.

Your Company has been successful in delivering on all the four pillars of its Lakshya 2026 - Sustained profit and growth engine, Demonstrable strength in risk management, Creating Fintech@Scale and Sustainable future growth through ESG, even in a year when the economy was faced with various macro challenges. Our teams have displayed exemplary commitment which has helped us take significant strides across our key priorities led by Lakshya 2026 goals, as reflected in our overall business performance in FY23.

We are very confident of achieving our Lakshya goals well ahead of time with our unswerving commitment to perform and our relentless execution.

Towards Lakshya 2026

Several strategic developments have made FY23 a key year in the Company's history.

We had set aggressive targets for ourselves as part of our Lakshya 2026 in April 2022 - > 80% retailisation, CAGR of 25%, enhanced asset quality with retail NS3 at <1% and delivering a RoA of 3%. Our plan focuses on achieving retailisation and establishing a dominant retail book by not only reducing wholesale, but also growing retail in a way so as to generate long-term sustainable value for our stakeholders.

Let me throw more light about this plan by highlighting our achievements last year.

The focus on growing the retail business and serving both urban and rural India to maximise profits has resulted in the retail portfolio growing to 75% of the total lending book from 51% at the beginning of the year. Your Company has had the highest annual retail disbursements to date, 69% higher than last year and at the same time we have maintained an impeccable retail asset quality with NS3 < 1%. And last but not the least, the retail ROAs have reached 2.46% for the whole year and especially for Q4FY23, we were within the touching distance of 3%.

Various initiatives undertaken during FY23 have led your Company to better profitability, with ₹ 1,623 Cr of consolidated profit in FY23, up 52% as compared to FY22 and the retail PAT of ₹ 1,384 Cr. Thus, 85% of our PAT is contributed by retail and hence, we are quite sure that as retail percentage keeps going from 75% upwards, profit growth will be better than that. The retail Return on Equity (RoE) stood at 13.80% in FY23 with an improved asset quality of retail NS3 at 0.71%, down 43 bps as compared to the last financial year. The other factors responsible for the robust growth of our retail book include our focus on achieving scale by expanding our geographical footprint, increasing cost efficiency and building market leading products. Besides, while our retail products were focused on sustainable growth, our wholesale book which had a target of accelerated sell-down, saw a 54% reduction year-on-year, translating into a reduction of ₹ 23,417 Cr in FY23 itself.

Our achievements were also aided by timely execution of our strategic initiatives like divestment of the mutual fund business, making provisions on account of change in business model and our proposal to move to a single large lending entity by proposing merger of our subsidiary lending entities with the equity-listed, holding company.

Now let me highlight how your Company has performed on each of the four pillars of the Lakshya 2026 strategy:

Growth and profitability engine

Your Company's retail lending book at the end of FY23 stood at ₹ 61,053 Cr, and has a marked growth of 35% compared to FY22. Your Company has witnessed strong growth across all retail segments in FY23. We hope to achieve the goal of more than 80% retailisation of the lending book way before the target of 2026. We stay committed to understanding the retail customers' needs for financial products and accordingly design products to improve customer satisfaction further. This is reflected in our recalibrated product growth strategy encircling the customer through customised retail products.

We are among the leaders in Tractor loans, Rural Business Finance and Two-Wheeler Loans and we have demonstrated our 'Right to Win' in these mature products over more than a decade. In every business we have achieved certain milestones- Farm Equipment Finance, for the first time we have achieved a disbursement milestone of financing 1 lakh tractors in a fiscal; in Rural Business Finance 30 lakh new customers were added within 1 year; Consumer Loans, a product which is just 2-year-old is really catching speed now with funnel being increased via partnership with e-aggregators & prospects; the growth in SME business, in its first full year of disbursements has done decently well. To add, our upselling and cross-selling proposition is also helping us scale up our retail loan portfolio. Today, we have our one out of every three loans disbursed to repeat customers and on an average the product penetration is 4 per customer.

Your Company has a combination of mature products, growth products and new product launches which will aid in creating a profitable and sustainable retail franchise. When it comes to our mature products like Tractor Loans, Rural Business Finance and Two-Wheeler Loans, we hold the advantage in dealership network and underwriting skills which will help us to continue to be amongst the market leaders. Consumer Loan, Home Loan, Loan Against Property and SME Loan, have the potential to deliver substantial growth with the use of digital as a key leverage to strengthen customer value proposition.

Our new product launches - Rural Loan Against Property, Rural Household Business Loans and Agri-allied Loans will leverage adjacencies and existing strong customer database to contribute to the growth.

Strengths in risk management

The strong focus on growth and profitability is not happening in isolation, as there is significant attention being paid towards risk management. The most important risk for lending is credit risk. However, with ample data available these days, keeping an eye on repayment risk has become relatively easy. With the Company's goal of becoming a digitally enabled retail company, the Company will face newer risks that need closer attention, like operational risks. Besides, cyber risk is a huge risk too, as hackers are always thinking of newer ways of duping. Your Company is constantly upgrading and developing stronger tools to minimise risks. We are focusing on strengthening of risk guardrails and underwriting capability by adopting new age portfolio management and risk governance. We have put in place risk detection with enhanced and real-time data analytics, next-gen scorecards and risk-monitoring dashboards, geo-agnostic underwriting capabilities, analytics-based multi-layer controls and early warning signals that will help us to minimise and mitigate risks.

Creating a Fintech@Scale

Our focus has always been on establishing and implementing a sustainable business model as a means to not only overcoming short-term bottlenecks but also ensuring long-term performance. Digitalisation has played a vital role in driving your Company's retail portfolio. Our efforts towards implementing new-age technology and analytics to drive our business and generate value will hold us stead in the years ahead and over the long-term.

Our digital strategy focuses on efficiency and portfolio quality management. Transformational digital and data analytics has enabled us to provide enhanced customer experience through lower turnaround time and improved market position with the help of sourcing analytics. Your Company has a deep distribution network spanning across channels. We had started with channel-based traditional approach and in our journey, we have created direct autonomous channels. We have deepened distribution channels through insights from data.

Your Company has built a vast database of over 2 Cr customers over the years, and this database provides immeasurable business value. As a Fintech@Scale, your Company is able to harness this data into insights and with years of experience and expertise in lending, your Company is able to reap the benefits of the insights, thus creating a powerhouse to not only cross-sell and up-sell but also reach out to new-to-credit customers across India. We also offer digital delivery of loans through assisted apps and centralised underwriting. Our assisted apps provide end-to-end digital loan journey to our customers.

Our customer facing application - PLANET has crossed 3 million downloads and is one of the highest-rated finance apps on popular and leading app stores. We are just little over a year old in PLANET app and it has been absolutely a runaway success. It is built on the foundation of reimagining customer engagement by creating an augmented D2C channel. The app serves as a geo-agnostic sourcing, collections and servicing channel with customer-centric features. In FY23, this channel did collections of more than ₹ 240 Cr and serviced more than 46 lakh requests. The app has reached out to more than 2.8 lakh rural customers and till date the app has done a business in excess of ₹ 1,650 Cr (including website).

The exponential growth in the number of downloads by customers can be attributed to various customer-centric features offered in the app and deeper penetration of loan products in both rural and urban India through digital means.

Connecting rural India to the digital ecosystem has been one of your Company's important endeavours. The strong rural customer base along with your Company's robust digital and data analytics-based platform has enabled your Company to reach out to the last-mile rural customer. Out of the total downloads of PLANET app, more than 10% of the downloads are from rural India. Your Company has also revamped its website to better reflect the renewed structure of the Company along with ensuring a seamless experience for its customers.

Focus on ESG

Your Company has been one of the pioneers in adopting ESG as one of the pillars of sustainable business growth in Lakshya 2026 strategy. Despite the fact that we are a financial institution and our impact on the environment is minimal, we believe in doing our bit to create a positive impact on the environment and society. Your Company is committed to achieving Carbon Neutrality by FY35 and has made significant strides in that direction. We are currently sourcing 100% electricity requirement in our corporate head office and 6 branches from renewable energy sources with ~30% reduction in carbon footprint for FY23 and aim to extend it to other branches in the near future.

This year, your Company is not only water-neutral, but also water-positive. Additionally, your Company has planted 50,000+ saplings under project 'Prakruti' thus creating a carbon sink and sequestering 547 tCO2e. With this project we are also providing additional livelihood opportunities to farmers under the agro-forestry model.

As a leading NBFC, our focus is and will continue to be on meeting the needs of our customers and supporting them in their effort for better livelihoods and enhanced productivity. In FY23, we successfully raised sustainability focused funds of ₹ 585 Cr.

We firmly believe that going forward sustainable financing will not only lead to long-term sustainable growth but also foster collective action towards a low-carbon economy. 50% of your Company's loan book is from low-income states - thus promoting equitable development. With an enhanced focus on sustainable financing as a means to mobilise funds for meaningful impact, we aspire to be the leading choice of investors, customers, and other stakeholders.

Your Company's inclusive growth strategy encompasses our resolve to invest in underserved communities and bring them within the mainstream economy. This includes our efforts towards financial inclusion and also our drive to help our communities live better.

Started in FY17, the 'Digital Sakhi' initiative has helped create a cadre of 1,370 Digital Sakhis who have successfully brought more than 30 lakh community members within the ambit of digital and financial literacy in 7 states across India. These projects will continue to empower women and communities through digital financial literacy and awareness about Government entitlement schemes.

Your Company operates with uncompromising integrity and our corporate governance framework reinforces the fact that we do what is right. The principles of our corporate governance framework trickle down to every group, every employee level, and every department. It lays down the roles and the responsibilities of various groups and departments within the Company. Gender diversity is a crucial aspect and all the hirings are done indiscriminately purely based on the merit. More than 25% of the GEC members comprise women. Board-level oversight over varied issues including emerging risks, policy development, and ESG to name a few, underscores the extent of its involvement in the most relevant matters witnessed by the organisation.

Your Company's people-first collaborative culture – staying invested in talent, even as we scale our workforce to capitalise on the expanding geographies and opportunities – is integral to the success of Lakshya 2026 plan. We firmly believe that we lead with a culture that enables our employees to grow both professionally and personally. We enable our employees to make an impact through innovative ideas and newer opportunities. For talent development, we follow the 75:15:10 ratio covering experience, exposure and education. As a part of employee engagement, we reinforce behaviours that foster collaboration, learning, enhanced productivity, diversity and inclusion. We are an equal opportunities employer and ensure a fair, safe, and healthy working environment for all our employees.

Your Company has conducted a number of learning and development sessions for its employees, organised leadership townhalls and regional townhalls to ensure that the entire organisation is aligned with Lakshya 2026.

As we move into yet another year of opportunities, our focus shall continue to be on creating value responsibly, meeting the dynamic needs of our customers, using digital prowess, enhancing our operational processes and most importantly driving our sustainability impact. With various factors conducive to the growth of the sector and a robust strategy in place that has started showing results, your Company is poised to take the next leap of growth.

This year we will continue to focus on strengthening the sustainable retail franchise we have built and will ensure profitable growth by focusing on existing products, while building new strengths, deepening customer engagement through new products supported by a strong distribution strategy and will move ahead with risk management and new age portfolio management.

I hereby thank all our stakeholders and also the Board Members for their continued support by being a part of our growth journey and demonstrating continued and unwavering faith in our endeavours.

Moreover, we acknowledge the efforts of our valued employees, who have been working tirelessly to achieve our collective goals along with the communities we operate within and serve. We are also grateful to our shareholders who have entrusted us with their confidence and have given us the opportunity to create positive and meaningful impact through our work.

We look forward to sharing our progress with you and shall continue to work collaboratively for a promising tomorrow.

As we end this financial year on a high note, I look forward to your Company growing from strength to strength in the years ahead.

Best Wishes,

Dinanath Dubhashi

Managing Director & Chief Executive Officer

L&T Finance

MANAGEMENT DISCUSSION & ANALYSIS

MACROECONOMIC REVIEW

In the face of a challenging global environment, those who are agile and adaptable can still find opportunities to succeed. Despite concerns over a potential slowdown in advanced economies, persistent inflation, and recent banking sector turmoil in the US and Europe, the potential for growth and success remains high for those who are willing to take calculated risks and pursue innovation. With a flexible and forward-thinking mindset, individuals and organisations can not only weather the current uncertainty but also emerge stronger and more resilient in the face of future challenges. Nevertheless, the Indian economy is better placed in this challenging environment than its peers. While the global economy is expected to slow down or even enter a recession in 2023, India has shown resilience and is emerging stronger than anticipated from the pandemic years. The economy has been steadily gaining momentum since the second quarter of the current financial year.

As per the provisional estimate of the National Statistical Office, the economy grew at a decent pace of 7.2% in FY23. This contrasts with the 9.1% growth in the previous fiscal year, which benefitted from a favourable statistical base. With all major sectors being above the pre-pandemic level, the recovery from the pandemic shock has been fairly broad-based. During FY23, the Gross Value Added (GVA), a measure of aggregate supply, grew by 7%. Overall GVA growth has been driven by services (9.5%), agriculture & allied activities (4.0%) whereas the industrial sector (4.4%) posted deceleration amidst intensified input cost pressures from last year. Capital spending saw a sharp recovery, most driven by Government spending on infrastructure. Both private consumption and Government consumption grew at a slower rate than the previous year. While the growth in exports as well as imports has decelerated from last year, the growth in imports outpaced that of exports in FY23.

Consumer price inflation remained high, and core inflation continues to remain sticky. The Consumer Price Index (CPI) based inflation averaged 6.65% during FY23 versus 5.51% last year. With its inflation-targeting mandate, RBI raised the policy rate by 250 bps to 6.5% cumulatively in FY23. However, input cost inflation, as reflected in the Wholesale Price Index (WPI) based inflation, indicated significant moderation during the second half of FY23. The WPI-based inflation averaged 9.4% in FY23, which was lower than the average of 13% last fiscal year. The decline in input cost pressures was found to be greater for the industrial sector than for the farm sector.

India recorded a Current Account Deficit (CAD) of 2.7% of Gross Domestic Product (GDP) in 9M-FY23 compared to 1.1% in 9M-FY22. This was on the back of a sharp increase in merchandise trade deficit. During FY23, the merchandise trade deficit of India widened to USD 266.78 Bn, 40% higher over the last year. Following aggressive rate hikes by the US Federal Reserve, risk-off sentiments were accentuated amongst foreign investors. Foreign Portfolio Investment (FPI) outflows from the Indian markets amounted to almost USD 5.5 Bn in FY23. As a result, the rupee depreciated by nearly 8% to ₹ 82.22 per dollar as of March 31, 2023, over March 2022 (₹ 75.81 per dollar). On the positive side, India maintained sufficient forex reserves at USD 578.5 Bn (March 31, 2023) to finance the CAD and intervene in the forex market to manage volatility in the rupee.

The Central Government met its fiscal deficit target of 6.4% of the GDP supported by higher nominal GDP growth, robust tax collections and subsidy rationalisation. The Government's push towards infrastructure creation led to a CAPEX growth of 24% (y-o-y) in FY23.

The financial conditions turned tighter during the second half of FY23 following monetary policy tightening and healthy credit offtake. Liquidity in the banking system turned into a deficit intermittently due to transient factors like advance tax outflows, GST outflows, State bond auctions, among others. However, RBI injected liquidity regularly through variable repo auctions to protect the positive credit sentiment. Higher Government spending too supported liquidity creation during FY23.

Outlook for FY24

Global growth is forecasted to slow from 3.4% in 2022 to 2.8% in 2023 as per International Monetary Fund's (IMF) World Economic Outlook, April 2023. A sustained inflation in many economies, rising interest rates and negative global spillover effects from the war in Ukraine is expected to dampen trade growth in the CY23. This is reflected in the lower global trade growth forecast by the World Trade Organisation at 1% in 2023 from 3.5% in 2022.

Due to potential global economic slowdown, persistent inflationary pressures and reduced external demand, India's GDP growth in FY24 may be slower. While there are some positive factors such as continued government investment, reduced corporate debt, a low level of stressed assets in the banking sector, the Production-Linked Incentive (PLI) scheme, and the possibility of stable global commodity prices, they may not be enough to push GDP growth beyond 6% in FY24.

Most of the projections for India's economic growth for FY24 hover near 6.0% as compared to 7.0% in FY23. On the positive side, consumer inflation is expected to moderate in FY24 partly due to the lagged impact of the RBI's aggressive monetary tightening throughout FY23 and partly on account of a favourable statistical base. CRISIL ratings expects CPI-based inflation to average 5% in FY24 due to lower commodity prices, expectations of softer food prices, cooling domestic demand and base effect. There are higher chances that relatively lower inflation and lower-than-expected gross market borrowings announced by the Central Government will somewhat lower the cost of borrowings during FY24.

Relatively softer global commodity prices, especially the prices of energy products and a healthy growth momentum in the services exports may lower the CAD to 2.0-2.5% of GDP in FY24. The lower CAD and India's relatively better economic performance than other emerging market economies will support the rupee during FY24.

Institute	IMF	World Bank	OECD	United Nations	RBI	Fitch	Moody	S&P
India's FY24 Growth Projections from International Agencies	5.9	6.3	6	6.7 (CY2024)	6.5	6.0	6.5 (FY2024)	6.0

Possible Threats

a. Global Risks

i. Global Slowdown

As India's growth cycles are linked to those of advanced countries through the trade and financing channels, a sharper-than-expected slowdown/recession in advanced economies due to the monetary tightening or the ongoing banking troubles can create a downside to India's economic growth outlook.

ii. High Global Debt

High global leverage amid rising interest rates and slowing growth creates conditions for financial stress. If the public and private sectors are forced to deleverage simultaneously, growth prospects will suffer for emerging market economies like India.

iii. Geopolitics

A further spike in geopolitical tensions, which already remain elevated, can cause sharp spikes in global crude and commodity prices, disrupt the supply chains and trade further, increase fiscal spending and create a downside risk to India's growth.

b. Domestic Risks

i. Possibility of El Nino

The potential occurrence of El Nino conditions could hurt the prospects of crop output and rural demand and put upward pressure on food inflation. If inflation rises above the RBI's tolerance level, a delay in taking a 'pause' and tighter monetary conditions could impact growth negatively.

ii. Climate Risks

Climate change has begun to play out in the form of rising global temperatures and increased frequency of extreme weather events like droughts, cyclones, heat waves, and flooding. According to Cross Dependency Initiative, which specialises in climate risk analytics for companies, banks, and regions, the vast majority (80%) of 50 provinces facing the highest climate risk to their physical infrastructure by 2050 are in China, the US, and India. These developments may have implications for India's food security.

Lakshya 2026 Goals

LTF embarked on the strategy of Lakshya 2026 in FY23 to become a 'digitally-enabled' retail finance company. Thus, moving from being 'product-focused' to 'customer-focused' with a commitment to being a Fintech@Scale. Your Company plans to achieve this through the following goals:

Retailisation	Retail Growth	Asset Quality	RoA
>80%	>25% CAGR	GS3 <3% NS3 <1%	2.8%-3%

FY23 IN PERSPECTIVE

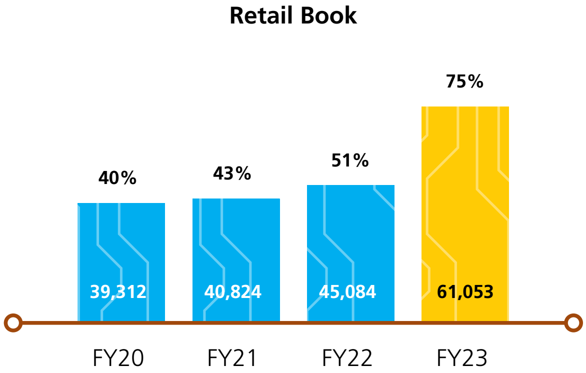
FY23 for your Company was characterised by reshaping of businesses pivoting towards building a top-notch Retail NBFC by transforming into a Fintech@Scale.

Performance against Lakshya 2026 Goals

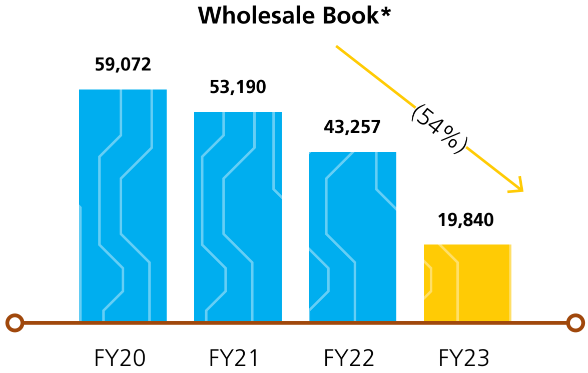
	Retailisation	Retail Growth	Retail Asset Quality	Retail RoA
Lakshya 2026 Goals	>80%	>25% CAGR	GS3 <3% NS3 <1%	2.8%-3%
Year 0-FY22 RETAIL	51%	10% Y-o-Y	GS3 3.82% NS3 1.14%	Q4 2.58% FY 1.66%
Year 1-FY23 RETAIL	75% ↑	35% Y-o-Y ↑	GS3 3.41% NS3 0.71% ↓	Q4 2.95% FY 2.46% ↑

STRATEGIC INITIATIVES ACHIEVED AS PART OF LAKSHYA 2026

Accelerated Pace of Retailisation



*Book size- ₹ in Cr



*Includes defocused

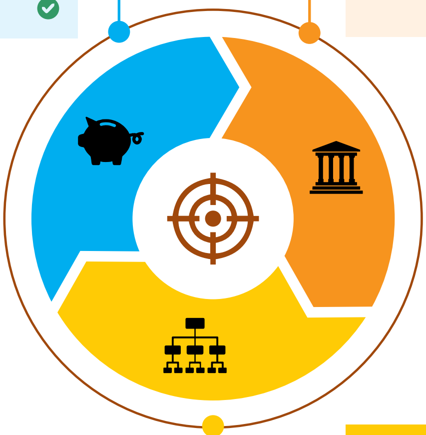
Aided by timely execution of strategic initiatives

Completed Sale of Mutual Fund

₹ 4,249 Cr Consideration received includes sale proceeds & surplus cash ✔

Provisions on Change in Business Model

₹ 2,687 Cr One time created in Q3 ✔



Single Lending Entity Structure

Merger of L&T Finance Limited & L&T Infra Credit Limited with LTFH

RBI	SEBI	Stock exchange	NCLT
✔	✔	✔	⊖
Final Approval	In-principle Approval	Final Approval	Application Filed with NCLT (Mumbai & Kolkata)

✔ Completed ⊖ In progress

KEY BUSINESS INITIATIVES ACHIEVED AS PART OF LAKSHYA 2026

I. Delivering Strong Performance by Maintaining Market Leadership

Your Company continued to be amongst the leading financier in Farm Equipment Finance, Two-Wheeler Finance and Rural Group Loans & Micro Finance. New businesses viz. Consumer Loans and SME, further contributed to retail growth. Retail disbursements were up 69%, reaching an all-time high of ₹ 42,065 Cr resulting in book growth. The retail book grew from ₹ 45,084 Cr to ₹ 61,053 Cr during the year under review. Wholesale book (includes defocused) reduced decisively from ₹ 43,257 Cr to ₹ 19,840 Cr resulting in a flat book on y-o-y basis. Thus, while the book remained flat, the composition of the underlying book and growth changed significantly, reflecting a commitment to delivering on the Lakshya strategy.

II. Fintech@Scale - PLANET App

Your Company launched Personalised Lending & Assisted NETworks (PLANET), a customer-facing app, in March 2022. The app has crossed over 3 Mn downloads in the first year of launch, expanding the digital footprint through D2C proposition. The app provides a bouquet of services ranging from providing servicing solutions to applying for a Consumer Loan as well as creating a Two-Wheeler and Farmer ecosystem. The app is being ramped up to create an end-to-end digital journey for the spectrum of products across both urban and rural customer landscapes.

III. Resilient and Prudent Asset Liability Management

The liability franchise built by your Company enabled it to navigate the environment during Covid and challenges continuing even today. While interest rates increased 250 bps during the year, a sound ALM strategy of your Company, saw yearly Weighted Average Cost of Capital (WACC) reducing by 4 bps. Your Company continued to leverage on PSL borrowings through which ₹ 8,756 Cr was raised during the year. A diversified borrowings profile and a change in portfolio mix to Retail is providing a hedge to increasing interest rates, thereby aiding healthy NIMs.

IV. Strong Balance Sheet

Your Company's strong risk management framework, use of data, and analytics helped in reducing retail GS3 from 3.82% in FY22 to 3.41% in FY23. The retail GS3 assets have a PCR of 80%. Further your Company carries additional provision of ₹ 1,171 Cr (Macro, enhanced and OTR provisions) corresponding to 1.99% of the standard book.

Your Company is comfortably capitalised with a CRAR of 24.52% (Tier I at 22.10%) and carries a liquidity of ₹ 18,068 Cr to face any uncertainties arising out of the current macro situation.

FINANCIAL RATIOS

Standalone FY23:

The Debt-Equity ratio saw a significant decline from 0.01 to 0.00 (100%) on account of redemption of preference shares. Net profit margin increased from 62.26% to 79.91% mainly on account of gain on sale of 100% equity shares of L&T Investment Management Limited, a wholly owned subsidiary of the Company.

Consolidated FY23:

The Debt-Equity ratio saw a decline from 4.27 to 3.86 (8.90%) on account of redemption of preference shares and prepayment of borrowings. Net profit margin increased from 8.51% to 11.55% mainly on account of strong book growth across all retail products.

OUR BUSINESSES

LTFH has granular digital & data analytics powered retail franchise pan India, delivered through a network spanning 27,500+ employees, across 100+ cities / towns & ~2,00,000 villages with 28,000+ partner touch points. This, in turn, caters to the requirements of 2 Cr+ customer database through a suite of customer-focused products.

Our customer-focused retail business comprises the following:

RURAL

1. Farmer Finance (Farmer)

- Farm Equipment Finance
- Implement Finance
- Kisan Suvidha

2. Rural Business Finance (Small Rural Entrepreneur)

- Rural Group Loans
- Micro Finance
- Vishwas Loans
- Pragati Loans

URBAN

3. Urban Finance (Urban Individual)

- Two-Wheeler Finance
- Consumer Loan
- Home Loans
- Loan Against Property

4. SME Finance (Urban Business)

- Loans to Professionals
- Business Loans

The Wholesale business comprises Infrastructure Finance and Real Estate Finance.

Retail Finance

Farmer Finance

Farm Equipment Finance

Domestic tractor volumes grew by 12% on a y-o-y basis on the back of good monsoon, adequate reservoir levels, robust mandi arrivals of crops and record Rabi sowing. Around 9.4 lakhs tractors were sold during FY23. Retail demand across key geographies continued to be strong on the back of positive customer sentiments led by finance availability and better price realisation of both, Rabi & Kharif crops. Continual Government focus on the agriculture sector and favourable Minimum Support Prices (MSP) on crops has further led to a growth in tractor demand.

Owing to its strong OEM and dealer relationship, your Company continued to be a leading financier in the Farm Equipment lending industry and has achieved an important milestone of financing more than 1 lakh new tractors in a fiscal year. Your Company's core capability of a digitally enabled process through an employee-assisted app offers seamless analytics and AI-based customer onboarding experience and providing one of the best industry disbursement TAT of less than 24 hours. This, coupled with your Company's focus on addressing existing customers' additional financial needs, has resulted in farm loan disbursements growth by 25% y-o-y to ₹ 6,450 Cr. Thereby resulting in a y-o-y book size of ₹ 12,819 Cr, 13% y-o-y increase.

The double-digit book growth was achieved while operating with well-established credit guardrails, thereby resulting in one of the industry-best collection efficiencies which have been consistently above 90%. This has been augmented by analytics-led segmentation and prioritisation of the portfolio, leading to focused on-field & call centre allocation and timely collection efforts with the right intensity.

Rural Business Finance

Rural Group Loans & Micro Finance

FY23 for Rural Group Loans & Micro Finance Industry was characterised by resilience and healthy rebound in growth shown by the sector post Covid induced disruption for the last 2 years. On the back of healthy credit demand and improving portfolio quality, the industry's gross loan portfolio crossed ₹ 3.3 lakhs Cr as on March 2023 clocking 15%+ y-o-y growth with ~7.3 Cr unique customers.

Committed to the financial inclusion of unserved rural customer segments and backed by strong rural presence and digitally enabled processes, your Company was able to disburse ₹ 16,910 Cr to ~35 lakhs rural women customers for the current financial year. The Company's loan portfolio stood at ₹ 18,693 Cr as of FY23, recording a y-o-y growth of 41%.

The business growth strategy was led by focus on optimal geographical & product mix, resulting in expansion in targeted geographies & higher customer retention. Further, consistent refinement in process and controls through instant credit checks, reduced TATs, and straight through journeys, led to field force productivity enhancement and customer experience enrichment.

Your Company's collection-led business model along with strong risk management framework comprising Early Warning Signals (EWS) resulted in best-in-class portfolio quality with regular collection efficiency at 99.8%.

With this, your Company is focusing on diversifying its product suite to cater to the financial needs of the entire rural household in this segment. Your Company has identified few adjacent product opportunities like Rural LAP & Business Loans which are expected to be launched in FY24.

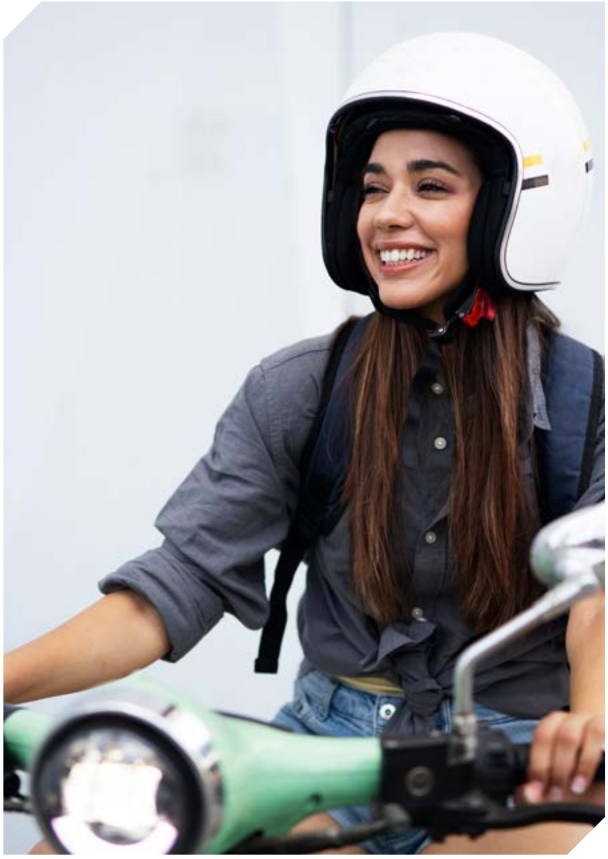
Urban Finance:

Two-Wheeler Finance:

The Indian Two-Wheeler industry (currently with market size of ~ ₹ 89,000 Cr live book) has experienced a growth rate of 18% y-o-y. However, it is yet to reach the peak of pre-Covid level. This trend suggests a healthy demand for Two-Wheelers in the market. The primary drivers of this growth have been the strong demand during the festive season, rising asset prices leading to an increase in finance penetration, an upsurge in demand for feature-rich premium models and the rising growth in the electric Two-Wheeler segment. This year too, motorcycles maintained their dominant share in the Two-Wheeler market versus mopeds/scooters.

Consumers are trending their preferences towards electric Two-Wheelers due to their favourable Total Cost of Ownership (TCO) compared to petrol counterparts. It is noteworthy that the low barrier to entry through imports has attracted many new brands and players into the market. On the consumer end, the top three consideration factors for purchasing an electric vehicle are features, running costs, and price. Environmental concerns and performance follow closely as secondary factors.

Going forward, growth of the Two-Wheeler industry is likely to be influenced pertinently by how the electric Two-Wheeler market evolves. As per the data from Vahan, the total number of Two-Wheelers sold in India is ~1.6 Cr, out



of which approximately 50% were financed.

Your Company performed well in the markets that it is present in, with ~8.5 lakhs units financed. The disbursements and book growth have been impressive, indicating your Company's strong position in the market with y-o-y jump of 40% in disbursements and 20% in book.

Your Company's underwriting process is powered by an in-house algorithm-driven engine that ensures quick processing and provides industry-best TAT. The entire process is executed through an assisted app held by field-level executives. Your Company's strong distribution franchise of 5,500+ partners has paved the way to increase the counter share at specific dealers. The pan India geographical spread and significant presence in major cities, urban and semi-urban locations has taken the branch count to 93 branches. During the year, in an effort towards building a geo-agnostic franchise, your Company created a DIY journey through its flagship D2C app – PLANET. AI-driven digital collection analytics continues to help your Company to increase the efficiency of the overall collection process and maintain a healthy loan book.

Last year, your Company launched a new loan product - Sabse Khaas Loan (SKL) Pro. The key features of this product include no hypothecation of the asset with 80% LTV (Loan to Value ratio). While majority of the industry remains non-income proof, LTF has endeavored to cater to both new-to-credit & credit-tested customer segment with analytical-driven approach.

Home Loans and Loan Against Property:

The mortgage market in India, (industry size of ₹ 28 lakhs Cr for Home Loan & ₹ 6.7 lakhs Cr of LAP) coming out of Covid, witnessed steady growth in FY23. This was despite being faced with a rapid rising interest rate cycle wherein the regulator revised the repo rate by around 250 bps.

Your Company has grown its book and disbursements with y-o-y jump of close to 100% over previous year in disbursements thus reaching ₹ 4,730 Cr and 26% growth in book size reaching ₹ 13,410 Cr. This has been achieved by your Company changing the customer mix of Salaried to Self-Employed Non-Professional (SENP) from 88:12 to 59:41 for new disbursement.

Structure-wise, your Company changed its focus from salaried segment to SENP & LAP, putting more emphasis on creating multidirectional distribution sourcing agents like DSA, Referral Agents, Developer and Digital business.

Home Loans:
Despite the rise in policy interest rates, the real estate market continued to show strong buyer sentiment. In the second half of CY22, new launches in the residential segment increased by 30% y-o-y, and for the full year, it was up by 41%. Despite high inventory levels, increased sales resulted in a decline in Quarters to Sell (QTS) levels from 10.2 to 7.2 quarters in H2 CY22. Prices grew between 4-7% in all markets, with Mumbai, NCR, Bengaluru, and Pune posting the highest rise. However, sales in the less than ₹ 5 Mn ticket size segment declined from 42% in H2 FY21 to 35% in H2 FY22.

In this scenario, your Company disbursed ₹ 4,188 Cr Home Loans in FY23 (up by 83% y-o-y).

LAP:
The Gross Loan Portfolio (GLP) of LAP in the industry has been showing steady growth over the past three quarters on a y-o-y basis. Up to ₹ 2 Cr ticket size LAP market contributes 43% volume to overall LAP market. Your Company operates in this segment. Low-ticket LAP is expected to outperform high-ticket LAP as the former is linked to essential services, and currently, the Indian services sector is performing better than the manufacturing sector.

Your Company disbursed ₹ 542 Cr worth LAP in FY23. The contribution of Mortgage Loan, as part of total Retail Housing disbursement, increased by 97% y-o-y in FY23.

Consumer Loans:

The Personal Loan (PL) industry in India is experiencing consistent double-digit growth year after year, with a market size of ₹ 9.9 lakhs Cr. Despite the existence of several loan products in the market, online PL has emerged as one of the most favoured loan options.

Your Company embarked on launching this product two years ago by tapping into its existing base of over 55

lakhs two-wheeler customers. This year, basis the success of this product, your Company expanded the sourcing channel to e-aggregators comprising partnerships with over 18 fintech players, aggregators, and BFSI companies. The availability of customer-related data comprising demographics, credit and income has enabled your Company to provide differentiated offers to its prospective customers.

Your Company in FY23 endeavoured to enhance customer experience manifold by launching its D2C app, PLANET. This app offers key digital geo-agnostic seamless DIY journeys, with loans being processed as fast as within 7 minutes of application.

As a result of these efforts, your Company disbursed ₹ 4,886 Cr in FY23 as against ₹ 2,254 Cr in FY22 in Consumer Loans. Meanwhile, your Company's book size grew from ₹ 2,301 Cr in FY22 to ₹ 5,471 Cr in FY23. Despite this growth, LTF maintained its collection efficiency at 99.0% in FY23 through collection analytics interventions.

SME Finance:

As per MSME pulse, demand for MSME loans (measured in terms of number of commercial credit inquiries) accelerated and grew about 1.7 times the demand of two years ago. NBFC saw credit demand crossing 2x for the same period. The formalisation of MSMEs and their adoption of platform-based banking services enabled lenders to capture more data. This makes credit processing and loan delivery seamless, and underwriting and debt collection more granular, boosting confidence of financial institutions.

Post the pilot launch in FY22, SME Loans business expanded geographically from 2 locations to 17. The book size stood at ₹ 1,378 Cr with disbursement towards Professional & Business Loans. Currently your Company is sourcing from 80+ DSAs across the nation. During the year, your Company disbursed ₹ 1,473 Cr with a customer base of 6,000+ on book. The Unique Selling Point (USP) provided by LTF is a direct-to-channel journey, and offers digitally simplified processes and strong value proposition to the customer – through term loan & dropline overdraft.

Wholesale Finance

Your Company is in the process of transforming itself into a retail finance company. This process of retailisation is expected to be completed through a two-pronged approach of growing the retail book as well as reducing the wholesale book through accelerated sell-down. In this regard, your Company, during the year, ceased incremental fresh sanctions in Infrastructure Finance. Disbursements made were towards committed sanction lines. In Real Estate Finance there have been no incremental sanctions in the past 3 years and disbursements, if any, were for project completion.

Consequently, the wholesale book (includes defocused) reduced from ₹ 43,257 Cr in FY22 to ₹ 19,840 Cr in FY23.

With the accelerated sell-down, your Company is confident of achieving the Lakshya objective before the stipulated timeline of FY26.

DIGITAL & DATA ANALYTICS

Seven years back, your Company forayed into taking strategic decisions that redefined the manner in which it did business. These decisions included:

- Keeping data at the core of decision making
- Eliminating subjectivity/bias in decision-making
- Algorithm-led sourcing, underwriting, disbursements and servicing
- Call on digital-only disbursements and veering towards digital collections
- Using surrogates/proxies to underwrite both in the rural and urban areas
- Moving beyond credit bureaus to source customers i.e., new-to-credit/other customers, thus making it geo-agnostic

If we look back, these interventions have not been sudden but gradual gnawing of changes in a calibrated manner through ecosystem-based analysis and co-ordination. Thus, it became evident that digital and data analytics is a key strategic step in the sustainable development of the retail business franchise.

These Investments in building digital and analytics prowess led to the following results:

- Your Company emerging as one of the leading financiers in its flagship products: Farm Equipment Finance, Two-Wheeler Finance and Rural Group Loans & Micro Finance
- Enhancing customer experience
- Providing best-in-class Turn Around Time (TAT)

To enable systems to run faster, become more agile and to enable faster decision-making through the use of analytics, structural changes were made with IT infrastructure being moved to Cloud. Employee-assisted apps were developed to provide the much-needed medium for field employees to undertake seamless sourcing, underwriting, disbursements, collections and servicing. These apps in rural areas brought about a clear sustainable manner in which financial services could be delivered seamlessly to customers.

The apps include features such as:

- Face recognition
- Customer image capturing with liveness matching for KYC
- Advanced dedupe technology
- Geospatial intelligence
- E-signing of agreement
- Instant mandate registration
- Penny fuzzy for bank verification

One of the key differentiators for your Company has been the way credit is underwritten. Underwriting is data-driven and centralised algorithm-based, allowing decision-making free from human bias. Machine learning refines algorithm to make it more agile and robust, leading to better portfolio decisions. Today, our Two-Wheeler scorecard works on the 5th generation scorecard with the 6th generation being underway and an analysis of vintage curves reflects how portfolio delinquencies have reduced since the 1st generation scorecard.

Digital - Role in Lakshya 2026

Shaping of Retail Financing in the last decade

Trends in Retail Financing facilitated by Digital & Data

Till 2015:

Traditionally, lending decisions were driven principally around the asset being financed due to limited customer information availability. This led to the emergence of 'Product Expert Companies' specialising in asset financing as their expertise revolved around analysing the asset (viz. asset type, model type, horsepower, and longevity).

Further to this, a layer of channel/dealership got added that helped in prioritising and growing business around the performance of dealers and other channel networks. This led to sharpening the business around the OEM, leading to a symbiotically viable relationship between the financial institution, OEM and the dealer/channel. So, by now, the institutions were able to lend to the customer basis the asset and channel data parameters.

2015-2019:

Then came a paradigm shift, wherein RBI directed banks & NBFCs to share credit information with credit information companies. With this, detailed data repository with Credit Bureaus could be harnessed with the market moving from a then single credit bureau to three, thereby bringing in competition. This provided financial institutions with holistic information about the indebtedness of the borrower, thereby democratising customer information. This summarily changed the status quo that an institution owns the customer.

Another dimension of information that became publicly available was macro data comprising water reservoir levels, fiscal deficit of states, sowing and harvesting patterns, mandi prices, rainfall map data by district, and other relevant macro data (both rural and urban). This helped in building econometric models around converting macroeconomic trends to predictable microeconomic portfolio indicators at the pin code level.

2019-2023:

Reporting of customer credit and other granular data to all 4 credit bureaus by all financial institutions became mandatory by RBI. Further on, the regulator has added another layer comprising Fixed Obligation to Income Ratio (FOIR) based income estimation for credit appraisal. This has led to the financial institutions' development of proprietary income models around their customers.

Today, with the pace of digital adoption especially built on the back of the India stack, there are multiple non-traditional sources of data viz. payments and transactions history, tax returns, which provide better insight into customers.

So, apart from asset and dealer level data, we have data on macro-economic indicators, customer indebtedness, customer income, and payment data that provide us with a holistic and scientific thesis of understanding customer needs and the opportunity to build a suite of hyper-customised products that caters to his/her needs.

As data becomes the lens through which a financial institution appraises a prospective customer, your Company foresees a gradual conversion of customers from unorganised lending to organised lending, thereby leading to financial inclusion and ready availability of credit.

As a pertinent player in rural India and foraying deeper into urban India, your Company envisages this as the required amount of financing will have to be made available anytime, anywhere on tap.

Building a Fintech@Scale

These trends have culminated in the need for a shift in focus from the product to the customer.

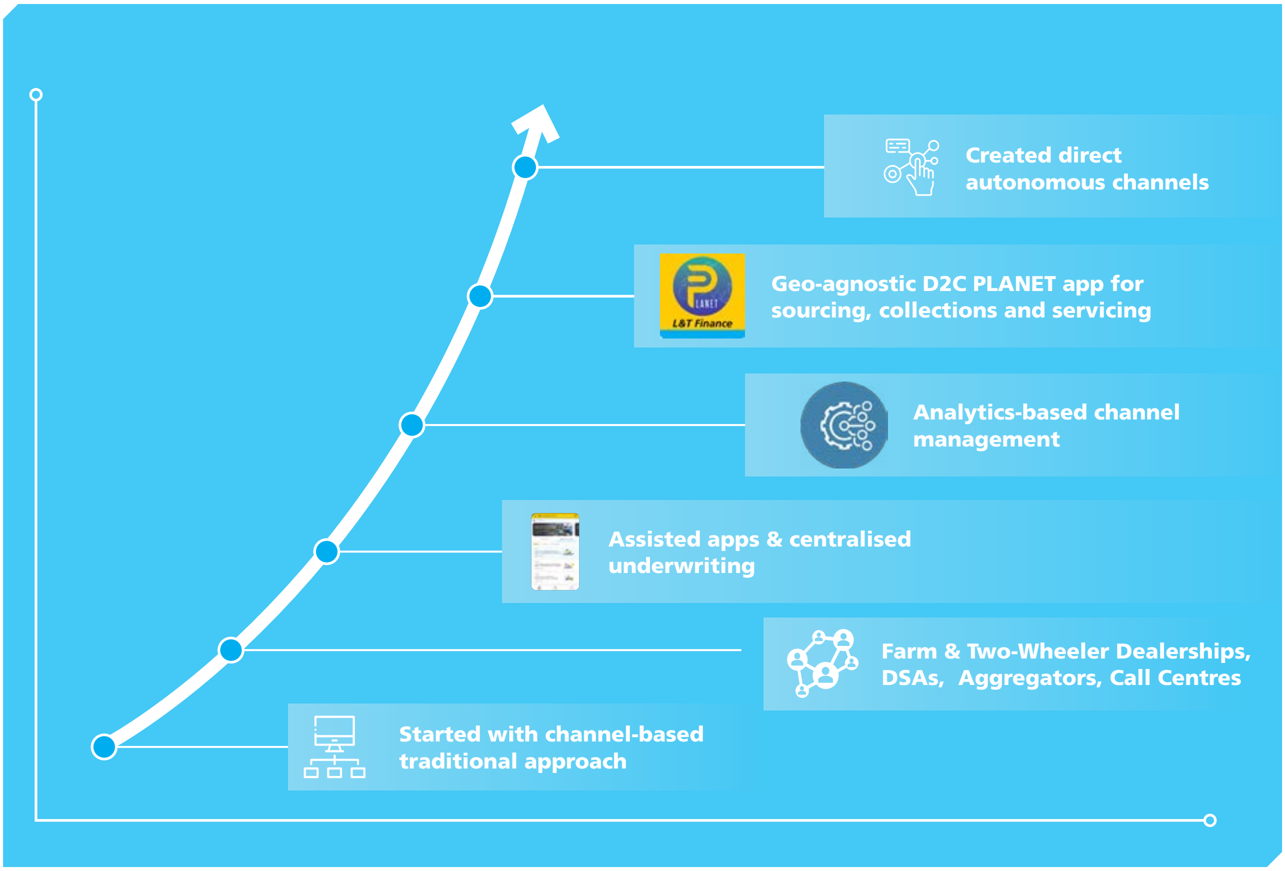
Your Company is well-positioned to leverage this shift, having built a strong asset, customer and digital franchise over the past 7 years. Products are now being launched keeping the customer at the core by understanding the need of customers. The aim is to provide a more holistic value proposition by leveraging the availability of customer and family related data and data around assets. New products around the flagship products are being crafted to create a customer need fulfilment ecosystem through the digital medium.

The products being envisaged around the Rural Business franchise include Rural LAP, Rural Individual Loans and Agri-allied loans around the Farmer Finance franchise. The 2 Cr+ customer database, which your Company has, is being used to cross-sell and up-sell. Your Company is also building an omnichannel customer ecosystem to enhance customer engagement throughout the lifecycle, creating opportunities for cross-sell, up-sell and customer retention.

In the quest towards evolution of an optimum distribution franchise to build a Fintech@Scale, your Company has come a long way from having channel-based traditional approach to direct autonomous channels. This started with having a:

- Physical distribution network
- Moving to analytics-based channel management
- And assisted apps & centralised underwriting
- Thereby, developing a geo-agnostic D2C PLANET app for sourcing, collections and servicing

Deep distribution network spanning across channels



Components to Building a Fintech@Scale:

I. Automated Process

Salesforce Workflow	Existing
Business Rule Engine	Existing
Process Fintech Ecosystem	Strengthen

III. Scalability

Google Cloud Platform	Existing
Interactive Qliksense Portals	Strengthen
Unified LOS (Loan Origination System)	Build

II. Customer Journeys

Cross-Sell	Strengthen
Customer Engagement	Strengthen
Insurance	Strengthen
Servicing	Existing

IV. Security

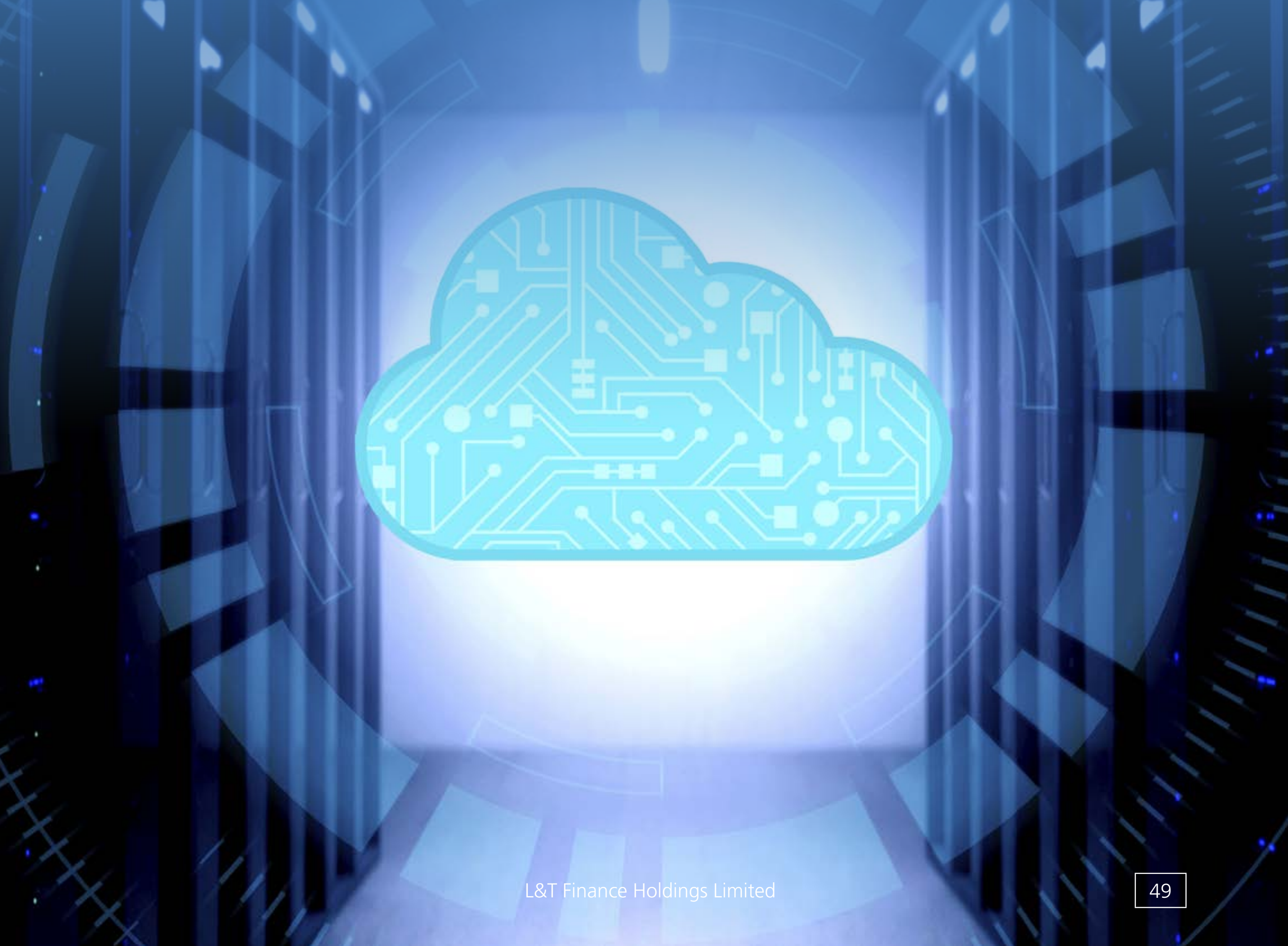
Gen 5 Firewall	Existing
AI-based Security Assessment	Existing
ISO 27001 Certification	Existing

Existing Strengthen Build

PLANET App

The most important digital asset in the value proposition is PLANET app that your Company has developed. The PLANET app is a D2C app launched in March 2022 which aims to deepen customer engagement and features over 130 functions. The app is being continually evolved to provide a differentiated customer proposition.

PLANET app, launched as a servicing channel, is now moving towards being a key sourcing and engagement channel through geo-agnostic autonomous journeys – DIY journey. Consumer Loan was our first foray into building an autonomous digital native journey. This year, your Company also launched digital native proposition for Two-Wheeler, which provides an autonomous journey in 5 easy steps. As a part of this journey, the customer can select the brand-new Two-Wheeler of their choice, upload documents and complete the Know Your Customer (KYC) process. Through the app, the customers can book a test drive and also get home delivery of the chosen Two-Wheeler, all from the convenience of their homes. The Company is augmenting PLANET app to further strengthen the collection infrastructure. Other customer engagement features of the App include credit score, mandi prices for farm customers and creation of an insurance marketplace.



PLANET App Features

Performance Report Card of PLANET App in FY23

₹ 1,650 Cr+	**₹ 240 Cr+**	**₹ 48 lakhs+**	**2.8 lakhs+**
Sourcing	Collections	Servicing Experience	Rural Customers

30,00,000+ Downloads | 28,69,136 Downloads | 1,69,917 Downloads

Apart from the D2C app PLANET, your Company is setting up a digital channel ecosystem for a tie-up with dealers, OEMs, e-aggregators and fintech for scaling its offerings.

Continuing on the journey to provide an omnichannel experience, your Company augmented traditional branch-based servicing with new-age servicing. Self-help options such as chatbot, SHO portal, Whatsapp, IVR and the PLANET app have helped invert the servicing pyramid. Today, customer interactions over digital channels are 74% vs. 21% two years ago.

HUMAN RESOURCES

As a financial services provider, people are the greatest assets and the core strength of your Company's business. Your Company has consistently been agile and improved its human resource practices to match the dynamic workplace. As of March 31, 2023, your Company employed 27,506 employees.

The Human Resources of the Company can be broadly divided into 3 categories:

- The field force comprising the sales, collections, and operations staff
- The supervisory and middle management personnel at the state and zonal levels
- The personnel comprising top and middle management located at the corporate office

Of these, the first category of employees, who constitute 75% of the workforce are core to your Company as they ensure Last Mile Delivery of financial services. These employees are the ones to be provided maximum attention in terms of human resources management and to be cared for as:

- They form your Company's point of contact/ intervention/servicing with the customer
- They are the wheels of your Company that ensure timely disbursement and collection of credit
- They ensure that your Company touches those customers who can be located/identified through latitude-longitude coordinates. Thereby making your Company's presence felt far deeper than a Taluka/ Tehsil/Village while leading its customers into the financial inclusion threshold
- They represent the discipline, reach, and granularity that your Company brings to this business

These employees have sustainably helped your Company achieve its organisational goals even in the most trying environment, especially in rural areas. They have been identified as LTF's catalysts of change as they represent the 'L&T Finance' brand all across rural and urban India.

With the Lakshya 2026 strategy of customer focus, they form the workforce who would actually be selling this suite of products to the customers. It is pertinent to note that 50% of your Company's retail business comes from deep rural areas. The field force that has been recruited are also from these areas. This ensures that your Company empowers rural India with employment and career development opportunities. LTF is driven by stories of such employees who have risen through the ranks.

The welfare and other employee friendly measures that your Company drives at the field force level, defines the growth path and accelerated pace of retailisation that it is likely to achieve.

Some of the notable measures for the field force are encapsulated as under:

All the new frontline recruits attend a 2-day Parichay programme where they understand the ethos of your Company, the benefits they are entitled to, and the job they are supposed to perform. Moreover, employees are trained to improve their customer acquisition skills so that their productivity improves and they earn more incentives.

Your Company believes in enabling the performance of frontline employees and providing them with a career path subject to their performance. In the last 3 years, your Company has provided role elevations to 3,581 frontline employees in Rural Business Finance, 242 frontline employees in Urban Finance and 102 frontline employees in Farmer Finance.

In order to express your Company's gratitude to the frontline employees and motivate them, Rising Star Awards was organised. Last year, 552 winners and this year 550 winners have been felicitated with the prestigious award.

Your Company firmly believes in meritocracy i.e., superior rewards for superior performers. In addition to market-aligned salaries and allowances in the senior and middle management category, your Company provides ESOPs and retention pay for the best performers. Over and above that, your Company also believes in career progression by providing role enhancement and increasing the scope of their work. This builds their confidence and motivates them to take up higher-level responsibilities. Job rotation is another effective medium of helping people who are specialists in their respective fields to take up leadership roles and grow in their career.

Your Company has a focused approach to keeping employees motivated and engaged:

Communicating Purpose

Lakshya 2026 town halls were conducted pan India for regional and area-level leaders to align them to the organisation priorities. Your Company's business leaders conducted the sessions as Lakshya Champions. Townhalls helped spread positivity across the organisation and instilled a self-belief amongst the employees that Lakshya 2026 is achievable.

Engaging Employees

Your Company launched 'WhatsApp Connect' for all its employees. Currently, over 25,000 employees are connected through WhatsApp and receive important product and employee benefits updates, among others, through the channel. The channel has become an effective source of information dissemination in a large distributed retail setup.

Your Company also organised a Stepathon challenge for its Mumbai-based employees. The objective of the Stepathon challenge was to promote a healthy, active lifestyle among its employees while simultaneously encouraging teamwork. As a part of the challenge, 670 employees, who were divided into 67 teams, competed to take the highest steps during the 60 days of the competition. The top two teams with the highest number of steps were honoured and those who lost maximum weight during this period were felicitated. Weekly winners were also recognized for taking the highest number each week during the challenge.

Investing in People

Since frontline executives are very crucial for business development, a flagship programme 'Aspire' has been designed to train the frontline staff, especially the sales functionality and support function members. Such planned growth opportunity enables your Company to attract and retain top performers for frontline roles. It also enables them to manage transition and become productive quickly.

Last year, Internal Job Posting was introduced in September 2022, under which, as soon as any new vacancy is published internally, the first preference is given to internal talent. This enables the movement of talent across businesses and functions and provides a career path to employees.

Rewarding Performance

Every measurable effort/milestone achieved by an employee deserves utmost appreciation and respect. It is imperative that the top performers exemplify your Company's culture, live its values, and draw inspiration from them. Therefore, to felicitate the exemplars of these values, your Company has institutionalised STAR Awards, one of the biggest annual recognition platforms. This year, the STAR Awards programme was conducted in person after conducting it through virtual modes for last 3 years. The event honoured 203 employees for their stellar contribution, encouraging them to perform extraordinarily.

Additionally, initiatives such as the Wall of Fame continued to recognise the outstanding and exceptional contributions of the employees throughout the year. Together, these practices serve to acknowledge your Company's gratitude to its biggest assets – its people – for their unstinted support and contributions.

Developing Future Leaders

Your Company has always invested in developing internal talent to create the next generation of leaders. Last year, your Company launched Annual Talent Identification and Development process. The top 120 leaders of the organisation undertook Hogan Personality Assessment, considered gold standard in personality assessments, to understand their areas of improvement and build greater self-awareness. These leaders will now be honing their skills in leading themselves, leading teams, leading relationships, leading results, and leading businesses with a series of development interventions planned in FY24.

This year your Company completed a succession planning exercise for critical roles. The exercise aimed to minimise people risks and groom talent to take up specific roles within a defined timeframe.

Caring for Employees

Your Company organised vaccination drives for its employees to enable prevention from the Covid virus amid rising concerns. With 75% of the Company's people in frontline roles (directly interacting with customers), the focus on health and safety is always critical.

A total of 11,283 booster doses were administered between November 2022 to January 2023.

In FY21, your Company rolled out financial support for families of employees who unfortunately lost their lives while in active service. This includes the continuation of payment of monthly salary for two years to the nominee, one-time ex gratia payment of ₹ 2 lakhs, education assistance to children till graduation, and education assistance to spouse for pursuing vocational/professional courses. The welfare support extended by your Company during FY23 was ₹ 15.4 lakhs under this support scheme.

RISK MANAGEMENT

Risk management implies controlling potential future events that may adversely impact business operations and functioning. It is about adopting a proactive approach instead of being reactive. Risk management forms a vital part of your Company's businesses and your Company is cognizant of the prominent role it plays in its long-term success, especially to be a retail digitally-enabled Fintech@Scale. Your Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk, fraud risk, cyber risk and operational risk are some of the risks that your Company is exposed to. With this as the backdrop, your Company has in place a Board/Committee approved Risk Management Framework. This framework encompasses a risk appetite statement, risk limits framework, risk dashboards, and Early Warning Signals. The Group Risk Management Committee (RMC) supervises the efficiency of this framework periodically. Your Company's Risk Management function works independently from the business units under the guidance of the RMC. This helps ensure guidance during challenges, underscore oversight and balance the risk/reward decisions. Post large-scale events, stress tests are conducted by your Company, which help assess the durability of the balance sheet. It provides useful insights to the management regarding a better understanding of the nature and extent of any vulnerabilities, quantifies the impact and develops plausible business-as-usual mitigating actions. Your Company's Risk Management function periodically

onboards an external independent firm. This firm helps your Company review its approach to risk and ensures alignment with the best market practices. This is crucial for the assessment of your Company's capital strength and earning volatility. A rigorous examination of your Company's resilience is carried and observed against external macroeconomic shocks. This has immensely helped your Company stay ahead of the curve as one of the leading NBFCs with the highest AAA credit rating. Moreover, your Company has taken cognisance of the newer emerging risks such as reputational, sustainability, and climate-related risks and has developed a framework to address these risks.

In line with the requirements of scale-based regulations prescribed by RBI, your Company has put in place Internal Capital Adequacy Assessment Policy (ICAAP) which outlines all the risks, risk mitigants, and capital requirements for present and future time periods. Under ICAAP framework, your Company has developed qualitative and quantitative templates to measure and manage various risks like credit, market, liquidity, interest rate, operational, strategic, compliance, reputational and concentration risk. Another initiative undertaken to align the Risk Management framework with Lakshya 2026 goals was to refresh and recalibrate the Risk appetite statement of your Company which clearly defines and covers Company-wide qualitative and quantitative statements on aggregate risk level and types of risks being monitored at the entity level. It is further cascaded through individual/group limits to different business lines across various parameters, including products, sectors, geographies and, counter-parties. The RMC and Risk Management Department of your Company are continuously monitoring these limits.

Credit Risk

Your Company is exposed to various kinds of risks, including operational, liquidity and market. However, credit risk is the single largest risk for your Company's business. Therefore, your Company carefully and efficiently manages its exposure to this risk. To demonstrate strength in credit risk management, a new-age portfolio management framework has been implemented as part of our Lakshya 2026 journey. The focus is on strengthening underwriting capabilities for existing as well as new-to-credit customers by investing further in building geo-agnostic underwriting capabilities. Thus, improving digital and analytical capabilities wherein your Company is able to arrive at decision by considering multiple variables and increase use of scorecards and bureau in credit decisioning. All these initiatives enable us to reduce credit costs, improve efficiency, maintain consistency, and, more importantly allow your Company to build scale cost-effectively. Your Company also has an effective review mechanism in place. It uses state-of-the-art Early Warning Signals to recognise potentially weak credit while stressing on maintaining 'Zero DPD' (Days Past Due indicates the number of days a loan repayment has not been made past the due date). Your Company has been able to ensure stable asset quality amid volatile times and a difficult lending environment. To strengthen risk management, it is also important to improve asset quality. The steps your Company has taken to build a new-age credit portfolio management framework, stringent adherence to the prudent risk norms and diligently following the institutionalised processes have led to improved asset quality.

Your Company's provisioning policy is cautious, conservative, and prudent in nature. As per the RBI notification on acceptance of Ind-AS for regulatory reporting, it computes provision as per Ind-AS 109 and as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). If the impairment allowance in the 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'. As part of the Covid response, your Company had undertaken an arithmetic modeling on the plausible conduct of the debtors' behaviour to build incremental provisions and strengthen the balance sheet. As on March 31, 2023, your Company carried ₹ 1,171 Cr of macro-prudential and other additional non-GS3 provisions to shield against any challenges arising due to the after-effect of the pandemic.

Operational Risk

Your Company's effective and pre-emptive Operational Risk Framework is overseen by the Operational Risk Management Committee. The team examines operational risks and incidents in a way to ensure robust continuance of processes and systems. In order to strengthen the

Operational Risk framework in the view of Lakshya 2026, the team has undertaken a project as a part of which of 450+ SOPs, 100+ process flows, 600+ risk control metrics and 100+ key risk indicators have been reviewed to strengthen compliance with regulation and build process resilience. Framework to ensure adherence to these SOPs by employees on an ongoing basis is also being developed. With increased focus on digitalising the lending process and building autonomous journeys, a need was felt to put in place a group that will critically review any changes to systems and processes and work towards standardising the processes and systems across multiple products. Hence, your Company has put in place a Process Approval Group. This initiative enables your Company to get better control over various journeys while providing a best-in-class customer experience.

Market/Liquidity Risk

Your Company protects itself against market or liquidity risk with the help of its prudent approach. It maintains a positive liquidity gap on a cumulative basis in all the time buckets up to 1 year (at a consolidate level). A Contingency Funding Plan has also been put into practice by your Company for responding to severe disruptions which might affect the ability to fund some or all activities in a timely manner and at a reasonable cost. These cautious and judicious liquidity risk management measures and practices clearly reflected the robustness of your Company's asset liability management during the Covid related stress. Your Company maintains a positive interest rate sensitivity gap over a one-year horizon. This acts as a mitigant against interest rate risk in the balance sheet. Regular liquidity and interest rate stress testing is also conducted, thus helping LTF manage and regulate its response to the evolving market conditions related to liquidity and interest rate changes.

Fraud Risk

Your Company manages fraud risk by focusing on preventing frauds, ensuring early detection, proactive communication and awareness building on recurrent frauds and how to mitigate them. The Company has built multifaceted digital controls in all product journeys to verify information/documents through API-based authentication and rule-based assessment methodology to flag outliers and take decisions before onboarding any customer. Further, past patterns are studied to continuously refine this rule-based assessment methodology. To ensure 360-degree monitoring across various processes, the Company uses analytical capabilities to define triggers and accordingly initiate thematic checks for pinpoint verification and early detection. The Company has also focused on building employee awareness of recurrent fraud trends through structured risk awareness campaigns and on-ground training to inculcate process discipline.

LTF has launched a risk awareness mascot 'Sachet Kumar' to educate customers and employees on fraud trends and how to stay protected from the same. Sachet Kumar with its latest campaign 'Jaankar Baniye Savdhaan Rahiye' is committed to encourage people to practise secure financial transactions and digital safety habits. It will motivate people to stay vigilant by keeping them informed about the modus operandi of fraudsters and share tips to mitigate digital and other fraud attempts.

IT Security Risk

As your Company digitalises lending, it is facing an increased risk of cyber-attacks. To prevent ransomware attacks, your Company has put in place 100% security patching. It carries out real-time simulations of cyber-attacks and regular offsite backups as well. It has implemented denial of service protection to prevent Denial-Of Service Attack. In addition, your Company also carries out detailed security assessments of all internet-facing applications. To ensure that your Company is not subjected to supply chain attacks, it has a Zero Trust model in place which carries out security assessment of all the third-party vendors before onboarding and thereafter as well. Your Company has also taken various steps to manage internal risks like conducting cyber security awareness training, quarterly phishing drills, blocking access of Universal Serial Bus (USB) and unauthorised applications, implemented two factor authentication and scanning of email attachment. Your Company is looking to deploy detection tech to pre-empt attacks before the breach and further enhance customer data security layers to safeguard against emerging threats in this space.

Regulatory Risk

Keeping in line with the highest standards of compliance practices, your Company has undertaken projects to strengthen the compliance with guidelines on Fair Practices code, Outsourcing guidelines, and Customer grievances. The areas of review include the process and methodology of solving customer grievances, repossession, and outsourcing arrangements. The project on review of outsourcing was undertaken with a view to strengthen the existing process and to align with the best in class practices. On the project on Repossession and Resale review was done to ascertain that LTF practices were best-in-class in the industry and your Company has worked on revamping the existing Repossession and Resale process. On the Customer service project, the intention was to redesign Customer Service Resolution Framework to provide seamless and timely customer service experience to the customers.

ESG

An early adopter of Environmental, Social and Governance (ESG), your Company has committed to creating long-term stakeholder value by embedding sustainability practices across its businesses and operations. Your Company is amongst the few who have embedded and included ESG as one of the cornerstones of business strategy - Lakshya 2026. LTF has achieved significant milestones through its ESG journey during FY23.

Your Company achieved 30% emission reduction as compared to last financial year in alignment with its commitment to achieve Carbon Neutrality by FY35 and is Water Positive.

ESG-enabled Policy Ecosystem

The ESG Policy adopted by your Company has been a guiding framework to incorporate ESG considerations into operations and business, and mitigate material impacts and risks. In addition, your Company has Environment policy, Health & Safety policy, Diversity, Inclusion & Equity policy, Human Rights policy and Data Privacy policy which are reviewed by the CSR & ESG Board Committee.

With an intent to encourage ESG consciousness amongst its value chain partners, your Company has not only implemented the Third-Party Code of Conduct and strengthened the contractual obligations, but also conducted a survey with a few value chain partners on ESG readiness and practices.

Integrating ESG in Business

23,539 EVs
Financed

28.92 lakhs+
Helped avoid tCO2e emissions

₹ 585 Cr
Secured sustainability focused loans

60.09 lakhs+
Women borrowers received Rural Group Loans & Micro Finance

97% employees
Trained on ESG through modules in 8 regional languages and learning modules

Integrating ESG in Operations

During FY23, your Company continued to integrate ESG in its operations. It also identified 'emissions' and 'water', two critical environmental issues, as areas of immediate ESG action.

Commitment towards Social Well-being

Your Company continues to demonstrate a deep commitment to well-being of its stakeholders through various measures. To address the 'S' of ESG, your Company prioritised actions promoting key stakeholders' well-being. For example, products, services, and key business activities have been designed to meet the needs and expectations of customers. By focusing on continued transparency and engagement, your Company has enhanced its customer base and nurtured higher customer loyalty and strong brand recall. The rural businesses of your Company have significantly powered the agenda of financial inclusion and empowerment across the country.

Employee well-being has always been one of the top-most priorities of your Company. Your Company has identified Diversity and Inclusion programmes and undertaken various initiatives to encourage hiring of women and PWD (Persons with Disabilities) as covered in detail in the Human Resources section of this report. During the year, women representation in Group Executive Committee was 27%.

During FY23, your Company worked towards the inclusive social transformation of rural communities through its CSR initiatives impacting 11.78 lakhs+ lives, empowering 960 Digital Sakhis and 5,500 women entrepreneurs.

Ensuring Robust Governance

Your Company enhanced the scope of the 'CSR Committee', by amending the terms of reference to include a focus on ESG aspects in FY21. It has also established a practice of focused discussions on ESG performance in Board meetings and has a process in place to provide ESG updates to the Board at the quarterly Board meetings. In order to measure the effectiveness of the Board and the CSR & ESG Committee on ESG-related parameters, your Company has included ESG considerations in the Board's annual evaluation, assessing their contribution towards ESG initiatives. Additionally, senior leaders' performance is evaluated against ESG-related KPIs. Your Company has also conducted an internal audit of the ESG process and automated ESG data to strengthen reporting. These measures demonstrate your Company's commitment to monitoring and improving its ESG performance.

Approach to Carbon Neutrality

- **Decarbonisation:** Shifted to renewable energy and operational space optimisation, among others
- **Sequestration:** Planted over 50,000 trees in FY23
- Reduced estimated FY23 carbon footprint by ~30%

Approach to Water Positivity

- **Reduce:** Ensure extensive use of technology and awareness-building activities
- **Recycle:** Installation of Sewage Treatment Plant (STP) on owned premises
- **Replenish:** Trained Water User Groups to maximise water replenishment and achieved replenishment of 280.66 lakhs KL
- Achieved Water Positivity

Corporate Social Responsibility (CSR)

LTF believes that its business is responsible for operating sustainably and ethically. This means considering the impact of its operations on the environment, its employees, customers, and the communities that it operates within.

Your Company's commitment to CSR goes beyond compliance with legal and regulatory requirements. The Company recognises that its actions can have a far-reaching impact on society and that it has a duty to contribute to positive social and environmental outcomes. Towards this, while the CSR budget for FY24 (total amount across entities within LTF), is less than the CSR budget for FY23, your Board has decided to retain the CSR spend at the same level as FY23.

One of the key ways that your Company demonstrates its commitment to CSR is through its partnerships with NGOs and community organisations. By working together, your Company leverages its resources and expertise to address social and environmental challenges in a more effective and impactful way.

For your Company, CSR is not just a charitable activity, but an integral part of business strategy. To stay relevant in a rapidly changing world, LTF has redefined its' CSR vision and mission and aligned it with Lakshya 2026 core business targets and the Sustainable Development Goals (SDGs).

The CSR thrust areas identified are based on a combination of factors including the business's strengths and priorities, the community's needs, and the national development goals. The three CSR thrust areas that have been identified are:

For more details, please refer to the Social and Relationship chapter.

Digital Financial Inclusion

Focuses on promoting financial inclusion by leveraging digital technologies to provide access to financial services to underserved communities in rural areas, especially women. The goal is to empower rural communities/individuals with the tools and resources needed to manage their finances, build savings, and bridge the digital and financial divide to improve their overall financial well-being.

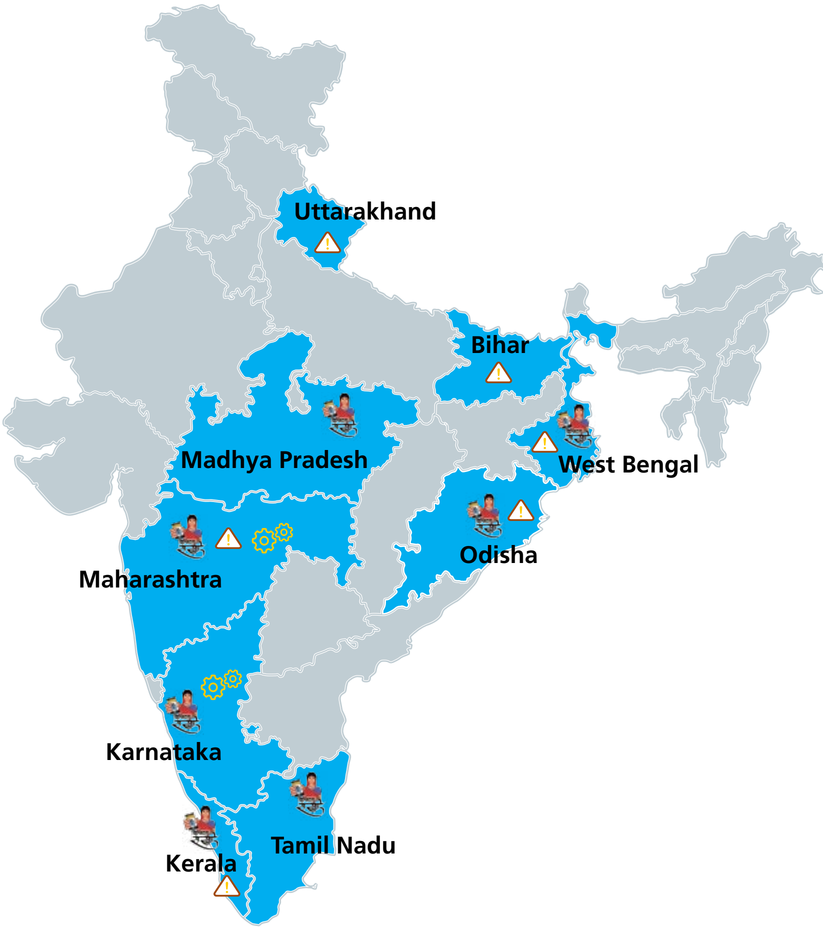
Disaster Management

This area focuses on building resilience in communities by preparing for and responding to disasters, such as natural disasters or pandemics. The goal is to help communities recover from disasters and build the capacity to better prepare for and respond to future crises.

Other Initiatives

This thrust area encompasses a range of initiatives to promote environmental sustainability, road safety, healthcare, and other social issues. The goal is to address critical social challenges and positively impact the communities in which the business operates.

Overall CSR Footprint



Overall Outreach

30 lakhs+

States	Districts	Villages
9	22	1,000+

- Digital Financial Inclusion
- Disaster Management
- Other Initiatives

L&T Finance

VALUE CREATION

With the objective of emerging a leading digitally enabled retail finance company, LTF's strategy rests on the pillars of generating sustained profit, establishing a robust risk management framework, becoming a Fintech@Scale and integrating ESG in business operations. Led by the Lakshya 2026 strategy, LTF has been leveraging its capabilities in data analytics and technology in its journey to emerge a Fintech@Scale. The focus has been on automation of processes, scalability, improving customer experience and data security. Furthermore, the launch of its flagship products has been instrumental in enabling LTF to capture a larger market share. Besides revamping its product strategy, LTF has adopted a customer-centric approach and is gradually moving from product financing to customer financing. Going further, for creating long-term business value while improving performance, LTF has integrated ESG parameters in its key business decisions. This leads to enhanced competitive advantage driven by greater resilience, increased returns, ability to leverage new market opportunities, attracting investments, and access to newer markets amongst others.

VALUE CREATION MODEL

INPUTS

VALUE CREATION MODEL

Capital Linkage

FINANCIAL CAPITAL

- 3.86 Debt to Equity ratio
- ₹ 2479.67 Cr Equity Share Capital
- ₹ 44,139.59 Cr Borrowings (Consolidated)
- ₹ 585 Cr Sustainability Focused Loans Secured

HUMAN CAPITAL

- 27,506 Number of Employees
- 96 Number of Townhalls as Part of Lakshya strategy
- Investments in New Learning & Development (L&D) Initiatives
- Initiatives on Employee Health, Safety & Well-being
- Policy on Diversity, Inclusion and Equity

MANUFACTURED CAPITAL

- 1,862 Number of Branches Pan India
- 28,000+ Number of Partner Touchpoints
- 8,000+ Number of Dealer Partnerships (Farm Equipment Finance and Two-Wheeler Finance)

INTELLECTUAL CAPITAL

- Launch of New Products and Services
- Integration of ESG in Risk Assessment
- 30 lakhs+ Downloads of Geo-agnostic D2C PLANET app
- Analytics-based Channel Management
- Assisted apps & Centralised Underwriting

SOCIAL AND RELATIONSHIP CAPITAL

- Capacity Building Conducted for Water User Groups (WUG) in 122 villages
- Presence of Digital Sakhi Project in 7 States
- ₹ 23.45 Cr CSR Expenditure
- Aspirational Districts
- Employee Volunteering

NATURAL CAPITAL

- Total Energy Consumption
- 1.82 lakhs Saplings Planted Cumulatively
- 1,869 mWh Renewable Energy Procured
- Waste Management
- Rain Water Harvesting Structures Maintained in 122 Villages
- Financing Clean Mobility

Our Determination

- Top notch Retail NBFC
- Catering to the rural, urban mass affluent, aspirer & SME segment
- Using digital & data analytics
- Creating a creditworthy pool of customers, customers for retention, upsell & cross-sell
- Delivering top-class sustainable RoA

Our Vision and Values

Ambition

Discipline

Pride

Integrity

Identified Risks and Opportunities

- Operational Risk
- Credit Risk
- Market Risk
- Liquidity Risk
- Interest Rate Risk
- Strategic Risk
- Compliance and Governance Risk
- Reputation Risk
- Information Security and Cyber Security Risk

Business Activities (Revenue for Each Business Activity)

Urban Finance

- Housing Finance
- Two-Wheeler Finance
- Consumer Loans

Farmer Finance

- Farm Equipment Finance

SME Finance

- SME Loans

Rural Business Finance

- Rural Group Loans & Micro Finance

Strategic Levers

- Retailisation
- Digitalisation
- Customer Centricity
- Accelerated Wholesale Reduction

OUTPUT	OUTCOME	SDGs
▶ ₹ 1,623.25 Cr Net Profit (PAT) ▶ 24.52% Capital Adequacy Ratio ▶ 8.67% NIMs + fees ▶ Retail Asset Quality: NS3=0.71% GS3= 3.41% ▶ 75% Retailisation with ₹ 61,053 Cr total Book Size ▶ Retail RoA: 2.46% ▶ Retail Growth CAGR: 35% y-o-y	▶ Profitability Ensured ▶ Long-Term Value Creation ▶ Greater Access to Sustainable Finance ▶ Sustainable Business Model	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
▶ 36% of Employee Turnover Rate ▶ 11 Number of Women in Leadership and Senior Management Roles ▶ 23.98 Average Learning Hours Per Employee ▶ 1.51 Male to Female Compensation Ratio ▶ 24,975 Hours of ESG Training to Employees	▶ Higher Employee Retention Rate and Enhanced Employee Satisfaction ▶ Improved Employee Health and Well-being ▶ Enhanced Ability to Attract New Talent ▶ Better Business Performance	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
▶ 2 Cr+ Total Customer Database ▶ 25 lakhs+ Repeat Customers in Rural Group Loans & Micro Finance ▶ ~2,00,000 Number of Villages Served ▶ 4.0 Product Penetration Per Customer ▶ 45%, 23% & 13% CAGR (Disbursal) in Micro,Two-Wheeler & Farm Equipment Finance	▶ Extensive Customer Reach ▶ Greater Accessibility in Rural and Underserved Areas	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
▶ Best-in-class TAT ▶ ISO 27001 Compliance ▶ 74% Customer Interactions Through Digital Channels ▶ Improvement in IT Systems' Down-Time ▶ ISO 20000 System Implemented	▶ Improved Customer Experience ▶ High Quality Portfolio ▶ Larger Customer Base ▶ Better Risk Mitigation ▶ Resilient Business Model	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
▶ 12% Adoption of Digital Payment Modes in Rural Areas (Digital Sakhi Project) ▶ 6,57,634 Number of NTC Customers in Rural Group Loans & Micro Finance ▶ 1,370 Number of Digital Sakhis ▶ 30+ lakhs Beneficiaries Impacted Through CSR Initiatives ▶ 11,600 Number of Upskilled Women Entrepreneurs ▶ 60,09,430 Number of Female Beneficiaries Receiving Rural Group Loans & Micro Finance	▶ Greater Financial Inclusion and Last-Mile Access to Finance ▶ Better Economic Conditions and Enhanced Productivity ▶ Women Empowerment Through Financial Inclusion and Financial Literacy ▶ Enhanced Community Well-being ▶ ESG Commitment Adopted by Value Chain Partners	1 NO POVERTY 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
▶ 23,539 Number of EVs Financed ▶ 28.92+ lakhs tCO_2e of Emissions Avoided ▶ 1,327 tCO_2e of GHG Emissions Avoided from Operations Through Renewable Energy ▶ 4% reduction in Absolute Energy Consumed ▶ 7,710 KG of Waste Recycled ▶ 280.6 lakhs KL of Water Replenished	▶ Environmental Sustainability ▶ Lower Environmental Footprint ▶ Carbon Neutrality ▶ Mitigation of Potential Environmental Risks ▶ Contribution Towards National Agenda of Achieving Net Zero by 2070	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION 15 LIFE ON LAND

Stakeholder Linkage

ESG AT LTF

Societies, as well as businesses, the world over, have gone through unprecedented experiences recently. ESG risks have gained prominence, especially in the face of climate change. The need for ESG is being felt more than ever, especially now when the world is fraught with economic uncertainty, regulatory changes, customer-centric focus and ESG-related implications. There is a growing requirement for financial sector participants to consider ESG parameters as part of their business propositions.

In the Indian context, there is a growing shift of focus towards non-financial and ESG reporting and, thus, the integration of ESG in organisational processes, systems, and policies. Being one of the early adopters of ESG reporting, SEBI has mandated 1,000 listed entities to report their ESG performance. It has issued the latest sustainability reporting requirements with quantifiable ESG metrics as part of the BRSR requirements.

As one of India's leading NBFCs, LTF has been quick to respond to the growing need for ESG by gradually integrating ESG as one of the key foundations for achieving its goal of sustained profits. Your Company views sustainability as a strategic issue and has incorporated ESG as a core plan of it's four-year strategic pillar – the Lakshya 2026.

We understand that the need for ESG in the financial sector stems from the need to mobilise and accelerate the transition into a low-carbon economy that focuses on a balanced approach to meet business goals while addressing societal issues. This scenario has generated many opportunities for LTF to create an impact.

LTF is cognizant of its responsibilities of its own ESG footprint and the ESG risks and opportunities it is exposed to as a lender. Your Company has successfully integrated and embedded ESG across its businesses and operations.

LTF's unwavering commitment to ESG is a key factor that makes the organisation agile and flexible to change for driving innovation and delivering impact. Sustainability is deeply entrenched in LTF's business philosophy. Besides integrating sustainability in business decisions, the Company strives to positively impact society and the environment while creating value for stakeholders, including customers, community, and value chain partners.

Our ESG Performance in FY23

We started our journey towards sustainability in FY19 and we moved from making disclosures basis existing practices to enhance disclosures and certifications and finally embarked on our journey of building an ESG conscious organisation. The highlights of our new journey is stated below.

Building an ESG Conscious Organisation

2021-22

- Set up Board-Level ESG Committee and amongst first in industry to map BRSR in Sustainability Report
- Set Carbon Neutrality and Water Neutrality targets and corporate office shifted to renewable energy
- Conducted materiality assessment covering all stakeholders (internal & external)

2022-23

- Included ESG as one of the core business strategy pillars
- Initiated merger of entities to create one lending entity structure to further strengthen governance
- Published first Integrated Report
- Undertook a host of measures and initiatives in FY23 to further ESG commitment

Environment

- Committed to achieving Carbon Neutrality by FY35: y-o-y carbon emission mitigation plan in place
- Reduced emissions by ~30% on an estimated footprint
- Focused on being Water Positive in FY23 and achieved 'Water Positive' status
- Moved corporate office and 6 branches to renewable energy; a process put in place to monitor the availability of RE across all branches
- Planted over 50,000+ saplings to help mitigate the carbon footprint
- Adopted digitalisation of products and processes through PLANET app
- Achieved 4x increase in EV Financing in FY23 compared to FY22. Thus, financing environment friendly Two-Wheeler alternatives

Social

- Facilitated better quality of life and higher income earning ability for customers through Rural Group Loans & Micro Finance, Two-Wheeler Finance, Farm Equipment Finance and SME Finance
- Promoted equitable development with 51.5% of the Company's Rural loan book being from low-income states
- Provided finance in 40+ aspirational districts of India (identified by the Government of India)
- Raised a total of ₹ 585 Cr of Sustainability focused loan as on March 31, 2023, ₹ 225 Cr Sustainability Linked Loan and ₹ 360 Cr social-linked loan
- Imparted ESG training to employees (24,975 hours) as on March 31, 2023
- Empowered 1,370 Digital Sakhis and 11,600 Women entrepreneurs through CSR initiatives
- Impacted 30 lakhs+ lives through CSR initiatives
- During FY23, women representation in Group Executive Committee was 27%
- Encouraged the hiring of women and PWD (Persons with Disabilities) by undertaking various initiatives

Governance

- Conducted Internal Audit for the ESG function
- Adopted 22 sustainability targets in FY23 with a tracking mechanism in place
- Rolled out an assessment for a few value chain partners
- 100% of the Board Members trained on ESG & Information Security
- Risk framework updated to include, inter alia, enhanced ESG risks
- Review of ESG practices by Board-level committee
- Adopted ESG-linked KPIs for senior management
- Institutionalised processes and controls to strengthen the ESG framework
- Strengthened BCP controls by building travel guidelines for leadership team
- Established practise of empanelment of new vendors subject to affirmation of Third-Party Code of Conduct
- Regular newsletters to Board including highlights on ESG initiatives
- Initiated Risk Based Internal Audit (RBIA) policy awareness program for various business functions
- Initiated merger of entities to create a single lending entity to enhance governance structure
- Progress of CSR projects monitored through automated tool

Sustainability and ESG-focused Policies

Sustainability and ESG have always been an integral part of LTF, paving the path for its endeavour to contribute to an inclusive future. Your Company's sustainability and ESG initiatives seamlessly blend into its business models. Your Company has ensured that basic principle of utilisation of various forms of capital, like Financial, Intellectual, Human, Social and Natural, are reflected in the policies and frameworks adopted.

ESG Policy

This Policy was developed to act as a guiding framework to incorporate Environmental, Social and Governance considerations into operations and business, mitigate material impacts and risks thereof, serving as a guiding document for the activities undertaken by LTF.

Health and Safety Policy

By building on the essential aspects of the previous Environment, Health and Safety Policy, your Company has created a robust Health and Safety Policy.
The primary objective of this Policy is to enhance the health and safety performance of LTF and its employees continually. It also outlines the necessary measures and guidelines required to achieve this objective, emphasising the importance of a proactive approach to safety management.

Diversity, Inclusion and Equity Policy

LTF is committed to creating and upholding an inclusive and diverse working environment that provides equal opportunity for employees to perform and evolve. Your Company values each employee's skills, experiences, and unique perspectives and maintains a corporate culture that is equitable, non-discriminatory, and respectful to all stakeholders. This policy demonstrates LTF's commitment to promoting diversity, inclusion, and equity in the workplace and across its value chain.

Human Rights Policy

LTF acknowledges its responsibility to uphold the human rights of all stakeholders, in accordance with the UN Guiding Principles for Business and Human Rights. The Company has committed to respecting human rights, outlined in its Human Rights Policy. This Policy serves as a framework for ensuring the protection of human rights, which LTF views as an integral component of responsible business practice.

Data Privacy Policy

LTF's Data Privacy Policy outlines the Reasonable Security Practices and Procedures implemented for the sharing, use, and disclosure of personal information provided by customers to your Company, whether in person or through digital platforms and/or any information pertaining to the Company.

Your Company has recently successfully obtained ISO 20000:2018 Certification on Information technology-Service Management System.

Environment Policy

LTF is committed to minimising its environmental impact and promoting sustainable business practices. This policy acts as a guiding document to foster safe and environmentally friendly business practices, promote environmental sustainability and ensure compliance with statutory requirements. The Policy also promotes a culture of environmental stewardship among all stakeholders, including employees, customers, and suppliers.

All the above-mentioned policies are available on the Company's website and are accessible to the public at www.ltfs.com

OUR APPROACH TO VALUE CREATION

Environment Stewardship

LTF is strongly committed to promoting environment friendly practices through its business and operations.

- In order to promote sustainable transportation, the Company has been funding Two-Wheeler EVs under its Two-Wheeler Financing Business. India's commitment to the EV30@30 initiative to reach a 30% EV sales share by 2030 presents an opportunity to be leveraged, and we financed our first-ever EV under the Two-Wheeler Business in February 2021. In FY23, LTF financed 23,539 Two-Wheeler EVs, achieving 4x increase in EV financing as compared to FY22. The Company will continue the endeavour to finance sustainable mobility options and has committed to achieve 2x increase in EV financing by FY24.
- LTF has been focusing on retailisation and is honouring its past financial commitments in the wholesale business to bridge India's funding gap for climate action. During FY23, your Company avoided 28.92 lakhs+ tCO_2e emissions.
- In FY22, LTF announced its commitment to become Carbon Neutral by FY35 and has already made significant progress in this direction. The Company has accelerated its decarbonisation strategy through various focused efforts. In order to reduce its carbon footprint, LTF assessed and implemented energy-efficient measures and shifted to green energy in 6 additional branches in FY23 (corporate office moved to green energy in FY22). The Company has been planting saplings to create carbon sinks and sequester carbon.
- After achieving its commitment of becoming Water Neutral by FY22, LTF set a target to become 'Water Positive' in FY23 and remain water positive every year. LTF has achieved the 'Water Positive' status in FY23 and will continue to achieve greater efficiency in water consumption through technological and behavioural change interventions. The Company will continue to focus on maximising water replenishment by repairing water harvesting structures and building the capacities of Water User Groups.
- During the reporting period, LTF aggressively pursued a low-carbon route in operations through digitalisation. The PLANET app, a customer servicing application, has helped the Company reduce customer travel to branch emissions, employee travel emissions and paper usage.

Promoting Rural Livelihood and Development

LTF extended its reach to underserved markets as part of its product portfolio. The Government of India has continuously been promoting rural livelihood and equitable development. As a responsible corporate citizen, LTF has been committed to these national priorities and believes that access to credit can play a key role in achieving them.

- Through the Rural Group Loan & Micro Finance, your Company has been supporting women entrepreneurship and livelihood enhancement in rural India to make them financially self-reliant and bring them into the mainstream economy. Thus contributing to the SDG 5 of achieving gender equality and women empowerment. In FY23, LTF scaled up the number of active women customers from 53.22 lakhs in FY22 to 60.09 lakhs+. Your Company also achieved 51.5% contribution of loan book towards rural livelihood financing through various targeted measures.

- As the women customers scale up their micro-enterprises, they need additional capital. LTF supported these customers through repeat loans. Such repeat loans bolster the income-generating ability of the women. Given the importance of this additional support, LTF maintained the proportion of women taking repeat Rural Group Loans and Micro Finance loans at 45% in FY23.
- LTF prioritises lending to the underserved and underprivileged sections of society and has continued providing finance to rural belts and New to Credit customers (NTC).
- In order to promote equitable development, the Company focused on channelising credit to customers from low-income states. In FY23, 51.5% contribution of rural loan book was from low-income states. The Company targets to maintain the contribution at the same level in FY24.
- The Farmer Finance products like Tractors and Farm Equipment Finance support the needs of the rural farmers. The business aids agriculture and farmers' livelihood, contributing to SDG 1 & 2 of ending poverty and achieving food security.

- LTF's Two-Wheeler Finance aids SDG 8 of promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all by supporting the need for enhanced mobility, which in turn leads to improved productivity and sustainable livelihoods. Many customers also use the Two-Wheelers to secure jobs as a delivery person. By catering to the needs of underserved markets, LTF demonstrates its endeavour toward meeting the 'Social' criteria within the ambit of ESG.

Creating Social Impact

As part of the social parameter, LTF prioritises investing in stakeholder relationships through transparency, and ethical and equitable initiatives. It considers community well-being an essential aspect of building the right environment for the betterment of lives and creating sustainable livelihoods. During FY23, LTF supported 11.78 lakhs+ community members through CSR interventions. The Company encourages its employees and equips them with the required skills to be a part of volunteering initiatives. This way it instils a sense of responsibility that the employees have not just towards their work but also towards society. Employee volunteering consists of both virtual and physical sessions. LTF engages with external stakeholders, obtains their feedback and takes the necessary steps to manage stakeholder needs. In FY23, LTF provided ESG training to 50% of its NGO partners. 97% of employees were trained on ESG, contributing to 24,975 training hours.

Leveraging Sustainable Finance

Sustainable Finance has seen significant growth globally in recent years. In FY23, the Company secured Sustainability focused loans of ₹ 585 Cr. The Company plans to maintain and leverage its sustainability performance and secure additional ₹ 500 Cr in FY24 through sustainability focused and/or priority sector lending.

Strengthening Transparency through Disclosures

While adhering to regulatory and compliance requirements in ESG, LTF makes dedicated efforts to foster an 'ESG-conscious' culture within the organisation. As one of the industry's early movers on ESG initiatives, LTF continues to maintain a competitive edge amongst its peers. LTF's ESG journey began in FY19 when it carried out its first materiality assessment to identify and prioritise ESG issues pertinent to it and its stakeholders. To assess its sustainability readiness, LTF undertook a gap assessment exercise and also institutionalised a Sustainability Task Force. LTF disclosed its ESG performance in its first Sustainability Report in FY19. In FY21, the Company set targets to track and monitor its ESG performance. It released its first Integrated Report in FY22 and has been raising its own standards on disclosures since. LTF released its first Integrated Annual Report for FY23.

Commitment to achieve Carbon and Water Neutrality

Carbon Neutral by FY35	Already Water Neutral in FY22
Adopt energy conservation and effciency measures	Engage in water conservation and effciency initiatives
Use Renewable Energy solutions in operations	Follow 'Reuse and Recycle' for water in operations
Achieve Carbon Sequestration through initiatives such as tree plantations	Support efforts for water replenishment in drought-prone areas

LTF has adopted aggressive ESG targets around carbon and water neutrality and has taken measures to actively reduce its environmental footprint. One such measure has been the 100% adoption of RE-based power in its corporate headquarters. Additionally, the Company has established a practice of identifying states which provide access to renewable energy and shift to such energy, if found feasible.

LTF's Vision and Priorities in ESG

As part of its ESG strategy, your Company focuses on setting ESG targets, deploying a robust ESG implementation framework, integrating environmental and social risks, and becoming a signatory to globally recognized ESG standards and frameworks. Within the ambit of social and governance parameters, your Company has implemented tangible initiatives. These include setting ESG-linked KRAs for senior executives, implementing the Diversity, Inclusion and Equity Programme, fostering employee and customer satisfaction and implementing robust mechanisms for ensuring ESG compliance

Furthermore, LTF has established systems and processes to support its ESG strategy. In addition to developing ESG-specific risk assessment tools and risk appetite statements, LTF also conducts training for employees and senior management to create ESG awareness. There are dashboards to monitor and track LTF's ESG performance across its business units and operations.

Our ESG Vision

To be an environmentally and socially responsible financial institution built on the foundation of 'Assurance', focused on generating sustainable long-term value for all our stakeholders

Our ESG Goals

- Ensure profitability with ethical, environmental and social responsbility
- Integrate ESG practices into LTF's business, operations and value chain
- Achieve 'Best-in-Class' ESG Ratings

Way Forward for Maintaining a Competitive Edge

LTF is committed to conducting business in a transparent and principled manner with a high level of accountability to its stakeholders including shareholders. Your Company understands that creating long-term value for its customers, investors and communities is instrumental in achieving the goals and objectives that it has set for itself. LTF believes in leveraging existing opportunities and takes up the responsibility of enabling its stakeholders to achieve more. It prioritises financial and non-financial parameters through systems and processes implemented across the organisation. These systems and processes are developed after careful consideration of the impact of LTF's business as it evolves. There is Board-level oversight across strategic, environmental and social aspects. LTF is committed to integrating sustainability into its business operations. For this, the Company focuses on reducing its environmental footprint by optimising its internal processes.

Steps towards Way Forward

1. Shift from 'product-focused' to 'customer-focused'
2. Sustainable growth in profits and long-term business success
3. Creating Fintech@Scale
4. Robust Risk Management framework
5. Sustainable performance though ESG

Your Company has adopted a balanced approach for future growth to simultaneously drive financial and non-financial performance. In line with the Lakshya 2026 goal, LTF strives to emerge as a leading digitally enabled retail finance company by gradually moving from a 'product-focused' approach to a 'customer-focused' approach. Key focus areas are sustained growth in profit, strong risk management, creating Fintech@Scale, and long-term performance through ESG. The Lakshya goal is centred around retailisation, retail growth, ensuring asset quality, and Return on Asset.

Customer Centricity

While keeping the customer at the centre of all decisions and initiatives for sustained long-term growth, LTF has identified key growth vectors vital for achieving this. In addition to launching new and innovative products, increasing its pan India footprint, increasing customer base through use of digital and cross-selling to existing and credible customers are some of the other ways by which LTF is committed to driving growth in the long run.

Product Excellence

Product excellence is yet another area that LTF continues to focus on. Your Company ensures this by maintaining market leadership, establishing strong OEM relationships, employing data analytics, fostering a strong leadership culture within the organisation, and offering 'best-in-class' asset quality. LTF will strive to maintain market leadership in its flagship products of Farm, Two-Wheeler and Rural Group Loans & Micro Finance. For its Consumer Loans, SME and Housing Business, LTF is building its capacities and implementing necessary strategies to establish a strong 'Right to Win'.

Use of Digital for Enhanced Customer Value Proposition

Furthermore, your Company has been leveraging digital means to reach out to its customers and easing the process of extending credit. It employs digital as an important monetisation lever for building customer value proposition. Not only is LTF leveraging digital means to expand its network and using analytics extensively to reach preferred dealers and OEMs, going forward LTF intends to launch new products as part of its Retail Finance. LTF will leverage customised digital capabilities with the India stack to deliver best-in-class TAT such as Rural Individual Loans and Warehouse Receipt Finance as part of Rural Finance. As part of retail finance, LTF is leveraging its strength in dealership network and underwriting and rural franchise. Going forward, your Company shall focus on building its strength in urban franchises, establishing direct autonomous connections with its customers, establishing digital channels and strengthening cross-sell and up-sell for monetising customer database. LTF aims to deliver a best-in-class customer value proposition.

Mitigating Potential Risks

LTF has established a robust risk management framework to deepen its capabilities and ensure agility. Your Company periodically revisits its risk management framework to introduce and enhance systems for adapting to dynamic external and internal factors and mitigating possible risks. Not only has LTF defined its risk appetite and set risk limits to adapt to changes in market conditions and the regulatory environment, there are risk dashboards, Early Warning Signals (EWS), in addition to a resilient system of liquidity risk management. All the initiatives taken by LTF for building a strong enterprise-wide risk management system aim at future-proofing the Company from varied risks such as regulatory, cybersecurity, and market risks, to name a few. Additionally, for effective portfolio management, LTF has deployed enhanced and real-time data analytics for risk detection, analytics-based multi-layer controls for minimising operational risk and EWS based on data, customer behaviour and market triggers, to name a few.

Fintech@Scale

For creating Fintech@Scale, your Company focuses on data monetisation and digital channel expansion. Data monetisation aims to build the ability to manage risks during the customer lifecycle. It identifies customer needs by considering factors such as propensity to buy and life-stage-based need identification. Data monetisation enables the Company to deepen its customer identification, underwriting and collection capabilities. As part of digital channel expansion, LTF relies on assisted channels and autonomous channels. While the former comprises a point of purchase, call centres, field agents, and third-party partners, the latter includes SHO portal, chatbot, Whatsapp and mobile apps. LTF's PLANET app is an ideal example of how the Company is widening its customer reach digitally and simultaneously providing personalised offerings for every customer. The app employs machine learning applications to identify good and delinquent customers, and accordingly, product offerings are made to target customers.

RISKS AND OPPORTUNITIES

LTF is cognizant of the vital role that a robust risk management practice plays in the growth and success of an organisation. LTF assesses risks and opportunities through established processes and controls, facilitating the effective monitoring of risks and providing a holistic view at an organisational level. Your Company has established a comprehensive risk management framework divided into multiple areas, including ESG risks.

Your Company focuses on strengthening of risks guardrails and underwriting capabilities through new-age portfolio management tools by following:

- Risk detection with enhanced & real time data analytics
- Next gen score cards & risk monitoring dashboards
- Hyper personalization of risk profiles
- Geo-agnostic underwriting capability
- Analytics-based multi layer controls
- Early Warning Signals (EWS)

Your Company's dedicated efforts in developing a robust risk management mechanism have helped it reaffirm its 'AAA' rating by CRISIL, ICRA, CARE and India Ratings.

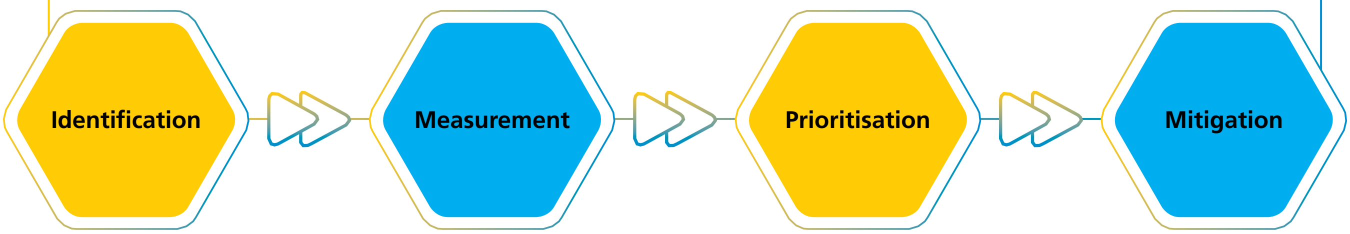
Risk Governance

Over the past few years, LTF has established its operations pan India and has a diversified business portfolio. A robust risk management process is a key foundation of this growth and diversification. Your Company has put in place a detailed risk governance framework to oversee and implement the processes throughout the organisation. The Board, through its sub-committees, sets the overall risk management philosophy and risk appetite for your Company. Specific committees of the Board have been constituted to facilitate focused oversight of various risks. The Credit Committee, Risk Management Committee (RMC) and Asset Liability Management Committee review various aspects of risks arising from the business and operations of your Company.

LTF has instituted transparent policies, processes, and controls to monitor risks and opportunities effectively. Your Company has built a sound and holistic Risk Management Framework which encompasses risk appetite statements, risk limits, and multiple categories of risks, including ESG risks which are becoming increasingly important. The Risk Management Policy of your Company, approved by the RMC and the Board, provides guidance on identifying, monitoring and mitigating risks across businesses, processes and procedures. At every quarterly RMC meetings, comprising Independent Directors (ID), detailed discussions are held on portfolios, the risk they are exposed to and their mitigants.

Risk Management Process

LTF has instituted an evolving risk management mechanism that provides a detailed overview of the risks and the mitigating actions to be adopted for managing the risks. This risk management process involves the following steps:



The Risk Management policies and practices at LTF play a key role in achieving the following:

- Enterprise Risk Management Framework for understanding and identifying various types of risks and risk events across all businesses, processes and procedures to manage risk within acceptable levels
- Developing systems, procedures and guidelines to facilitate prudent lending and acquisition of quality assets and seize new business opportunities
- Supporting business model developed in conformity with the organisational strength/RBI's policies and guidelines and in-tune with market dynamics
- Monitoring and mitigating Operational Risks faced by the organisation by reducing operational contingencies and losses
- Putting in place a Risk Appetite Statement and Risk Mitigation Strategy
- Having an effective framework to manage new emerging risks like Fraud Risk, Cyber Risk and Model Risk

The overall risk management framework includes risk appetite statements, risk limit framework, periodic reviews and Early Warning Signals (EWS). LTF also has clearly defined risk appetite statements and set risk limits for the identified risks. The risk appetite statements and the risk limits are broken down into sector/group/individual limits. The risk limits cascade the risk appetite statement to business lines, specific risk categories and concentrations. The RMC approves risk limits which are reviewed periodically. The risk appetite is well within the set concentration limits. This ensures that planned business activities provide an optimised balance of return for the risk assumed within the targeted risk appetite. There is regular monitoring of risk exposures against risk appetites and key risk indicators against operating and financial risk limits and tolerances. The effectiveness of controls in place, to manage operational risks, including compliance with the regulatory guidelines and internally defined standards, are continuously monitored.

The risk appetite framework has been updated to align with the Lakshya 2026 goals, reflecting a revised approach to risk management. The updated risk appetite statements now encompass franchise, environmental, and reputation risks and credit risk-related aspects. Furthermore, limits have been cascaded into risk and management limits for each retail product, ensuring a comprehensive risk management approach across all aspects of the business.

LTF also carries out periodic liquidity and interest rate stress testing as a part of the Risk Management Framework. This considers several stress scenarios to establish responses to the dynamic market conditions pertaining to liquidity and interest rate changes.

Broad Risk Framework

Credit Risk

1) Default Risk
2) Concentration Risk
   i) Client
   ii) Industry
   iii) Geography

Market Risk

1) Interest rate
2) Liquidity
3) Maturity Mismatch
4) Currency/Forex

Operational Risk

1) Process
2) People
3) Information Tech
4) Outsourcing

Other Risks

1) Legal
2) Regulatory
3) Reputational
4) Strategic
5) Political

ESG Risks

Your Company has identified risks in each business vertical and established robust systems for mitigating these risks.

Your Company's rural portfolio is also exposed to significant social and environmental risks. Your Company has conducted a detailed analysis of various geographies considering various parameters such as rainfall deviation, reservoir storage, kharif and rabi sowing, and existing irrigation cover, amongst others, to mitigate the impact of these risks.

LTF conducts periodic portfolio reviews of its infrastructure business to assess the risks. These risks include those related to climate and weather events such as wind patterns, floods, and landslides.

Identifying and managing these risks rests with the RMC. These risks include credit, market, operational, sectoral, sustainability (ESG-related risks), information, and cyber security risks, among others.

Risk Categories in Business

Risk	Description	Mitigation Action
CREDIT RISK	Potential for financial loss arising from failure of borrower or counterparty to honour its financial or contractual obligations	▶ Periodic portfolio review, regular account monitoring for EWS in the retail portfolio ▶ Periodically reviewing large exposures, including rating the exposures as per internal policies
OPERATIONAL RISK	Risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or external events. It may also include internal or external fraud and damage of physical assets due to natural disasters, terrorist activity, and fire, among others	▶ Periodically reviewing and updating Standard Operating Procedures ▶ Reviewing the functioning of various functions and branches by the Internal Audit Department ▶ Establishing a Risk Control Unit to review whether due diligence is required while conducting retail business in line with business standards ▶ Using Information Security Manual for efficiently managing system risk ▶ Putting in place appropriate insurance mechanism to safeguard risks from physical events
MARKET RISK	Risk to the Company's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange, and equities, as well as the volatilities of those changes	▶ Managing Interest Rate Risk, Liquidity Risk and Exchange Rate Risk under the guidance of the Asset Liability Management Committee (ALCO) as per the Board approved Asset Liability Management Policy
LEGAL RISK	Risks arising from matters concerning laws and contracts entered into by the organisation with various counterparties and lawsuits that the organisation may have to initiate against others	▶ Obtaining regular inputs by LTF's legal team on various contracts along with providing the list of documents to be obtained from borrowers for different kinds of facilities and conducting necessary due diligence
REPUTATION RISK	Risks arising from damage to an organisation's reputation can result in loss of revenue, destruction of shareholders' value and can sometimes even threaten the very existence of an organisation	▶ Actively reviewing any negative perspectives that some sections of the market/society may have and understanding the same to take corrective steps that may involve addressing the concerns by changing certain practices or correcting the wrong perspective that some may have

Risk	Description	Mitigation Action
STRATEGIC RISK	Risks of the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation, or lack of responsiveness to industry changes	▶ Managing the risk under the guidance of the Board
MODEL RISK	Risks that can lead to incorrect assessments of risk or value, increasing the risk of losses for the entity	▶ Set up a team to institute Model Governance Framework containing a set of policies, procedures, documentation and controls, designed to manage the risks associated with the use of models in decision-making processes
REGULATORY RISK	Risk of legal or regulatory sanctions, material financial loss or loss to the reputation that an organisation may suffer due to its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its activities	▶ Managing and monitoring the risk by LTF's dedicated Compliance department. For any change in regulatory risk, the Compliance team informs all stakeholders about the changes to ensure due compliance ▶ Conducting periodic reviews and updating policy documents and operational manuals by respective departments to capture changes in applicable regulations, associated laws and experience gained over a period of time
CYBER RISK	Risk refers to the potential harm or negative consequences that arise from vulnerabilities and threats in the digital realm. It includes the possibility of unauthorised access, damage to networks, and data. The consequences of cyber risks can be wide-ranging, including financial losses, compromised sensitive information, reputational damage, or disruption of services	▶ Conducting regular security risk assessments, audits, and practice risk treatment ▶ Implement robust cybersecurity technology measures along with advance malware protection ▶ Regular practice of security patching and updating software and systems ▶ Restricting access controls and user privileges ▶ Strong data security controls along with cyber insurance coverage

Risk Committee	Credit Committee	Audit Committee	ALCO	RMC
Credit and Portfolio Risk	✓			✓
Market Risk			✓	✓
Operational Risk		✓		✓

Emerging Risks

The fast-paced and dynamic nature of the business in the world, marked by technological advancements, stricter regulations, and shifts in geopolitical conditions, necessitates that organisations not only focus on immediate threats but also proactively prepare for potential emerging risks. The impact of megatrends on a company's product and service offerings, finances, operations, supply chain, and risk management framework cannot be ignored. Addressing emerging risks often involves navigating complex solutions that require a comprehensive approach to identification and mitigation. To minimise uncertainty and avoid unforeseen losses, LTF has implemented a pre-emptive strategy for identifying and investigating emerging risks and has established a systematic approach to risk management.

Emerging Risk	Impact	Mitigation Plans
OPERATIONAL RISK	May impact revenues and the reputation of the organisation	To strengthen the Operational Risk framework in the view of Lakshya 2026, your Company reviews and updates SoPs, process flows, risk control metrics, and KPIs to ensure compliance with regulatory requirements and build process resilience. LTF has also developed a framework to ensure adherence to the SoPs by employees on an ongoing basis
REGULATORY RISK	May result in regulatory sanctions, material financial losses or reputational loss	LTF has a dedicated Compliance department to manage and monitor the risk. For any change in regulatory risk, the Compliance team also informs all stakeholders about the changes to ensure due compliance. Respective departments conduct periodic reviews and updation of policy documents and operational manuals to capture changes in applicable regulation, associated laws and experience gained over time. In addition to the aforesaid, Internal Audit team also conducts an independent review of the compliance requirements
FRAUD RISK	May result in fines and penalties and reputational damage	A wide range of measures have been implemented to mitigate the impact of Fraud Risk by future-proofing to new-age risks, 360-degree robust monitoring, building a risk-aware culture and implementing AI-based risk triggers
CYBER SECURITY RISK	May cause business disruptions, along with leading to financial losses, loss of reputation, and regulatory non-compliance	LTF has established detailed processes to identify, monitor, and mitigate IT security risks. LTF's digital platform has a 3-tier security architecture with in-built disaster recovery and multiple layers of defense for IT networks, websites, applications, database and user laptops/desktops, for protection from service attacks, ransomware and malware

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

LTF follows a stakeholder-centric approach in its business decisions and operations. Stakeholder engagement is vital to the business success wherein understanding and identifying stakeholders' expectations and subsequently aligning business objectives is crucial for LTF's growth. Your Company is cognizant of the varying needs and expectations of its stakeholders. This is particularly observed in the organisation's commitment towards the Lakshya 2026 goal to make its business both customer-centric and efficient and impactful. LTF has established a comprehensive and dynamic roadmap through the Lakshya 2026 goal of creating long-term value for its stakeholders and business.

LTF engages with its stakeholders at regular intervals to seek constructive feedback to identify and resolve their concerns. Moreover, your Company emphasises on economic, environmental, social, and governance topics during discussions with its stakeholders to sensitize them to the desired outcomes for the business as envisaged by LTF. The stakeholders comprise both individuals and organisations within and outside the Company. LTF ensures speedy redressal of all grievances and has developed robust processes to communicate and engage with its various stakeholder groups. The various stakeholders are mentioned below, along with their expectations and engagement channels.

STAKEHOLDER PARTNERSHIPS

Being a prominent retail NBFC, LTF engages with key stakeholders throughout the year to present its views on various critical matters, including but not limited to the Union Budget, Economic Survey, and Monetary Policy. Moreover, your Company actively participates in various regulatory consultations and has provided valuable inputs on the SEBI Consultation Paper on ESG Rating Providers and other working papers.

LTF's Managing Director & CEO is part of an esteemed group of industry leaders who hold key positions in various industry bodies, including the Federation of Indian Chambers of Commerce and Industry (FICCI) Committee on Non-Banking Financial Companies (NBFCs). Additionally, he is also a member of the Board of the Finance Industry Development Council (FIDC), which plays a crucial role in promoting the growth and development of the financial services industry in India. LTF's leadership team also actively participates in the Academic Advisory Council of the Reserve Bank of India, the Lead Economist Group of NITI Aayog, and the Editorial Advisory Board for Bank Quest Journal of the Indian Institute of Banking & Finance.

LTF's leadership team is highly committed to advancing financial inclusion through digital platforms. Throughout the year, the team members contributed to discussions at several key summits and roundtables through their extensive industry knowledge and expertise. Their insights and ideas have been instrumental in shaping the conversation on inclusive finance and the role of digital platforms in enabling greater financial access for underserved communities.

Stakeholder	Expectations	Engagement Channels
EMPLOYEES	▶ Talent management ▶ Employee engagement ▶ Learning and development ▶ Productivity ▶ Work-life balance ▶ Staff welfare and Health & Safety ▶ Remuneration and employee benefits	▶ Annual performance management ▶ Yearly reward and recognition programme ▶ Periodic interactions ▶ Planned trainings ▶ Continuous dialogues with senior management ▶ Lakshya strategy alignment townhalls ▶ Recreational activities during festive season ▶ Regular volunteering programmes ▶ LTF Corporate radio podcasts on macro-economic scenarios and other topics ▶ Sessions on women's health
INVESTORS	▶ Market outlook ▶ Business strategy ▶ Operational efficiency ▶ Long-term business performance ▶ ESG risks and opportunities in business ▶ Technology in business	▶ Annual General Meetings (AGMs) ▶ Quarterly financial results announcements through stock exchanges, social media, Company website, press releases and conference calls ▶ Media releases and interviews ▶ Investor calls and meetings ▶ Investor conferences ▶ Credit Rating Reports ▶ Annual Reports and Sustainability Reports ▶ Company website ▶ Non-Deal Roadshows (NDR)
REGULATORS	▶ Compliance with rules and regulations ▶ Corporate governance framework ▶ Long-term business performance ▶ Financial performance ▶ Prudent business practices ▶ Workforce engagement	▶ Timely filing of information and reports as per the regulatory requirements ▶ Regular communication ▶ Interaction during inspections and as & when required ▶ Periodic representations directly/through industry bodies

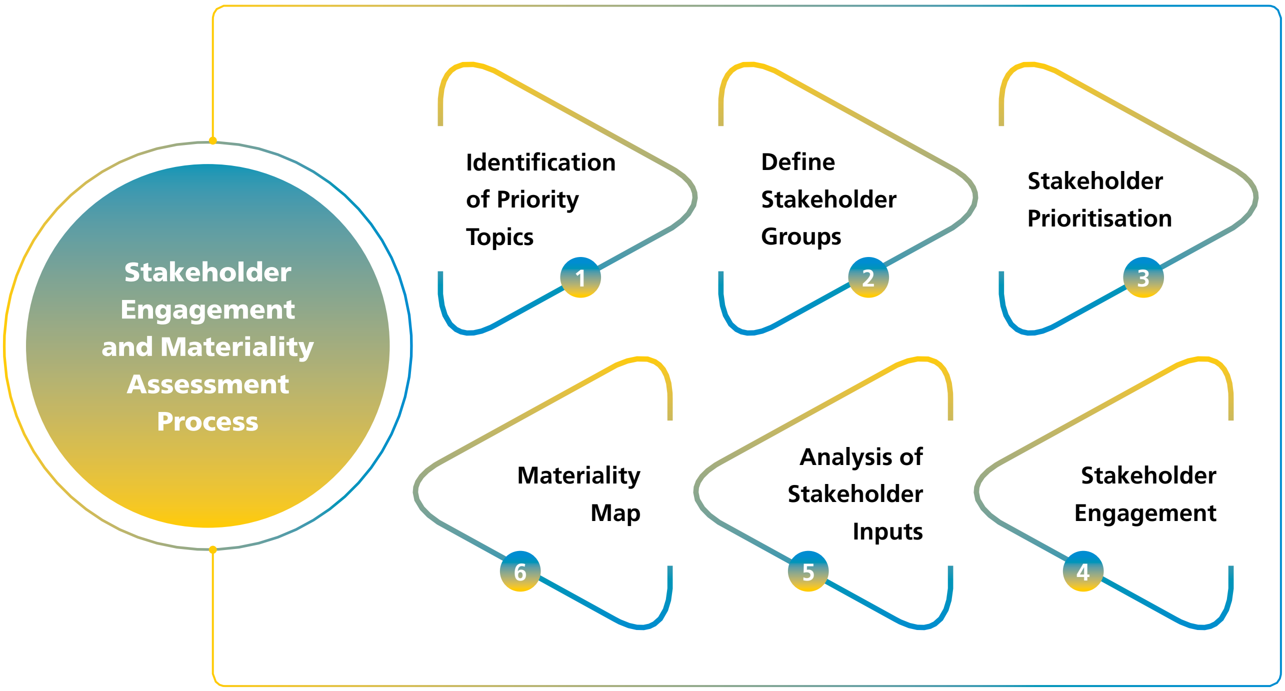
Stakeholder	Expectations	Engagement Channels
CUSTOMERS	▶ Best-in-class service for customers ▶ Effective customer grievance redressal mechanism ▶ Maintaining customer data privacy and security ▶ Suitability of products and service ▶ Transparent and fair advice	▶ Omnichannel approach (digital, hybrid and human) to provide products and services ▶ Customer grievance channels ▶ Regular business interactions ▶ Use of varied multi-media channels for campaigns, offers, and customer awareness ▶ Seeking ongoing customer feedback ▶ Periodic press releases and media interactions ▶ Digital avenues like chat-bot, WhatsApp, and self-help website ▶ PLANET app for customers to manage their existing as well as new loans
VENDORS AND CSR PROJECT IMPLEMENTING PARTNERS	▶ Fair contractual terms and adherence thereto ▶ Organisational ESG consciousness ▶ Transparent, ethical and long-term business relations ▶ Regular exchange of technical know-how	▶ Due diligence during vendor onboarding ▶ Periodic assessments of services ▶ Communication & confirmation of Third-Party Code of Conduct ▶ ESG assessment of value chain partners ▶ ESG training
COMMUNITY	▶ Stakeholder programmes to advocate sustainable customer behaviour ▶ Digital financial inclusion ▶ Advocacy of best practices ▶ Public policy advocacy ▶ Disaster management ▶ Road safety ▶ Integrated water resource management ▶ Sustainable livelihood through tree plantation	▶ Needs assessment, and baseline surveys ▶ Community engagement programmes ▶ Social impact assessments ▶ Capacity building workshops ▶ Monitoring and evaluation ▶ Participation in conferences/forums for sharing information, experience and knowledge with other partners, associations, NGOs, and businesses, among others. ▶ Senior management representation on boards of other industry bodies and associations on discussions relating to sustainability matters

MATERIALITY ASSESSMENT

The Report for FY23 has been prepared in accordance with the principle of materiality. LTF is aware of its internal and external operating environment, and it regularly identifies factors that impact its performance. As a responsible business, the Company periodically evaluates the material issues that influence its functioning and guide the decisions of all its stakeholders.

LTF consulted with its internal and external stakeholders to conduct the materiality assessment in FY22. The executive leadership team at LTF identified and prioritised a list of internal and external stakeholder groups and thereafter with their consultation, a list of material topics was finalised through an analysis of the existing business scenarios, regulatory environment, external factors, peer review as well as global standards and frameworks.

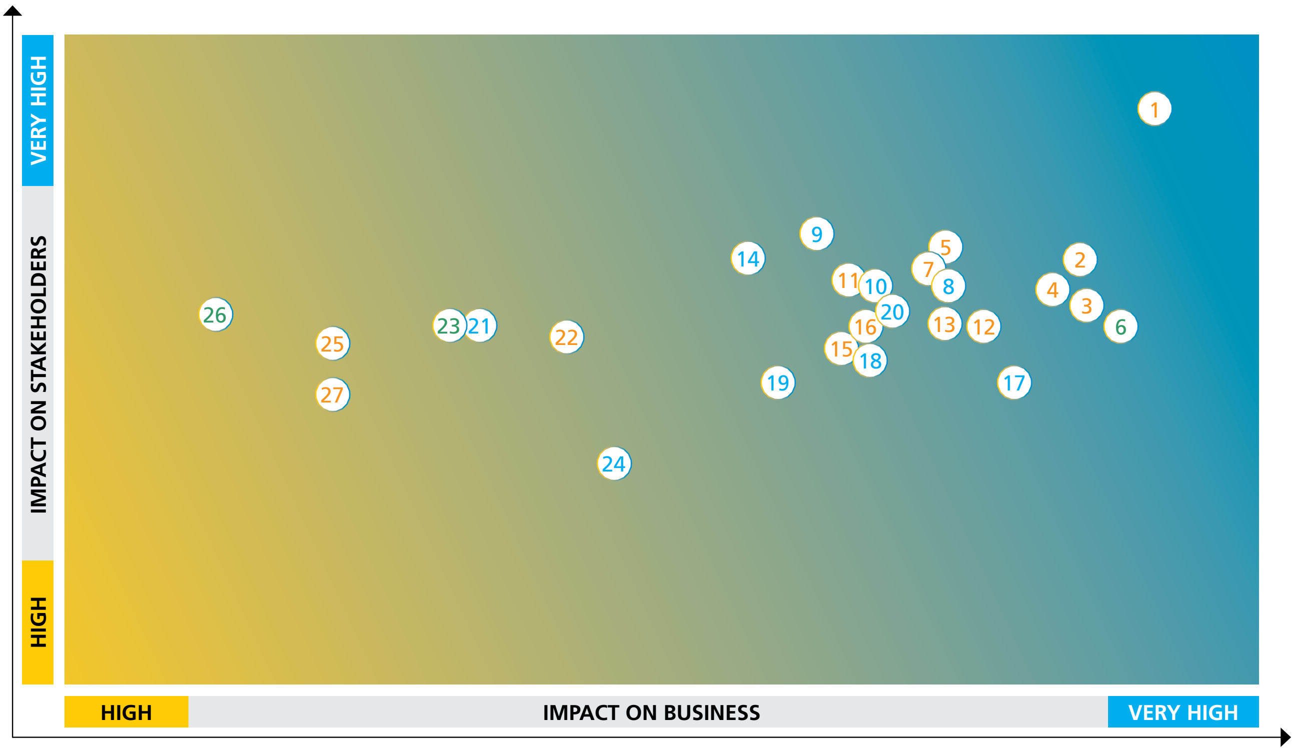
Various internal and external stakeholders were consulted to conduct the materiality assessment. The internal stakeholders consisted of employees and the external stakeholders comprised of customers (wholesale businesses), vendors, investors (institutional), and CSR project implementing partners. During the reporting year, LTF reviewed its material issues and made the necessary revisions as elaborated further in this chapter.



As part of the process, the business leadership team at LTF engaged with the identified stakeholders in each group to understand their views on ESG parameters, thereby gaining insights for revisiting the material topics. The insights were gathered through interactions with the stakeholders through various modes such as surveys, one-on-one meetings, calls, and virtual meetings. LTF's executive and business leadership team were also consulted to derive inputs for understanding the impacts of the identified ESG material issues in the business.

Using the stakeholder and business responses as key inputs, a rating methodology was adopted to prioritise material topics for LTF. There have been revisions to the material topics in the assessment conducted last year. Certain topics have been modified accordingly to align with the evolving business landscape, national and international ESG/Business responsibility framework and ESG nomenclatures.

Materiality Matrix:



Environment

- 6 Climate Strategy and Risk
- 23 Emissions in Operations
- 26 Resource Efficiency

Social

- 9 Occupational Health and Safety
- 14 Customer Relationship Management
- 17 Human Capital Development
- 19 Human Rights
- 21 Diversity, Inclusion and Equity
- 24 Local Community Development
- 8 Privacy and Data Security
- 10 Consumer Financial Protection & Providing Transparent and Fair Advice to Stakeholders
- 20 Financial Inclusion
- 18 Impact on Rural Livelihood

Governance

- 16 Business Model Resilience
- 7 Return on Equity/Return to Shareholders
- 12 Maintenance of Credit Ratings
- 1 Business Ethics
- 15 Risk and Crisis Management
- 2 Corporate Governance
- 22 Policy Advocacy
- 13 Data Analytics for Early Warning Signals
- 27 Global Economy and Domestic Policy
- 5 Brand Reputation
- 25 Digital Innovation
- 4 Transparency and Disclosure
- 3 Regulatory Compliance
- 11 Sustainable Finance

Given below is the list of identified ESG topics material to LTF:

Internal External

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Business Ethics	Adherence to professional ethics, such as anti-corruption, anti-money laundering, taxation and accounting, insider trading, anti-competitive practices, and intellectual property issues	**Risk** Non-adherence to and non-compliance with ethical standards can put financial institutions at risk of legal fines, penalties, damaged reputation, business disruption and erosion of trust	▶ Establishing internal controls to strengthen the Company's compliance with the Code of Conduct as well as applicable policies ▶ Raising awareness and training to internal stakeholders on ethical business practices ▶ Institutionalising an effective whistle-blower and a grievance redressal mechanism	**Risk** ▶ Legal fines and penalties ▶ Dissolution of business	▶ Number of cases of corruption/ insider trading ▶ Coverage of training on business ethics	
Corporate Governance	Corporate Governance comprises six pillars: Board/ Management Quality and Integrity; Board Structure; Ownership and Shareholder Rights; Remuneration; Audit and Financial Reporting; and Stakeholder Governance	**Risk** Companies that do not have effective corporate governance practices are often prone to fraud and mismanagement. Poor corporate governance practices weaken the Company's ability to capitalise business opportunities thereby resulting in financial losses This may further lead to a loss of shareholder confidence and trust as well as increased Government oversight	▶ Implementing checks and balances to have appropriate controls and oversight responsibilities ▶ Instituting a board and committee structure and implementing board effectiveness measures in line with stakeholders' long-term interests	**Risk** ▶ Inability to raise capital ▶ Fall in the share price of the stocks **Opportunity** ▶ Improved access to capital ▶ Stronger customer base	▶ Number of independent members in the Board ▶ ESG-linked KRA for senior management ▶ Appropriate number and structure of committees ▶ Robust controls and processes	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
		Opportunity Strong corporate governance will result in increased stakeholder confidence and trust, higher ESG ratings, and stronger brand equity				
Regulatory Compliance	Company's adherence to laws, regulations, guidelines, and specifications relevant to its business processes	**Risk** Violations of regulatory compliance often result in legal punishment, including fines and exclusion **Opportunity** Legal and regulatory compliance enhances organisational credibility and potential access to Government subsidies and concessions	▶ Creating a strong ethical organisational culture with a focus on transparency and compliance ▶ Regularly carrying out risk assessments to identify areas of potential exposure to compliance-related risks	**Risk** ▶ Fines and penalties **Opportunity** ▶ Government subsidies and concessions	▶ Penalties and fines paid ▶ Notices received from regulatory bodies	
Transparency And Disclosure	Transparency, independence, and effectiveness of the audit and reporting (financial, environmental, and social) practices	**Opportunity** Transparency and disclosure help build stakeholder trust, gain investor confidence, and long-term business success	▶ Instituting a strong communication culture with both internal and external stakeholders ▶ Establishing periodic reporting in line with national and international frameworks/standards	**Opportunity** ▶ Access to Capital	▶ Third-party assurance of publicly disclosed data/ information	
Brand Reputation	Maintenance of a positive brand reputation	**Opportunity** This leads to an increase in customer loyalty, builds confidence in the market, and helps better positioning	▶ Developing strong systems/guidelines for conflict management ▶ Adopting a 'customer-centric' approach ▶ Factoring customer feedback in decision making	**Opportunity** ▶ Increased revenue and market share	▶ Increase in customer base ▶ Level of customer satisfaction	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Climate Strategy And Risk	Strategy to mitigate climate risks by reducing operational and financed portfolio's carbon footprint	**Risk** Loss of physical infrastructure arising from climate change impacts **Opportunity** Design new products and finance solutions that address climate-related impacts	▶ Engaging with value chain partners to identify and manage climate-related risks ▶ Installing energy-efficient infrastructure, minimising resource wastage and procuring renewable energy to meet energy demands	**Risk** ▶ Loss of physical infrastructure **Opportunity** ▶ Increase in revenue from new products	▶ Financed emissions avoided ▶ Emission reduction ▶ Energy savings ▶ Scope 3 - financed emissions ▶ Total scope 3 financed emission intensity	
Return On Equity/ Return To Shareholders	Financial performance measurement calculated by dividing net income by shareholders' equity	**Opportunity** ROE is a reflection of a company's profitability, financial health, and business resilience. A strong ROE helps a business attract investors, gain greater access to capital and create value for stakeholders.	▶ Adopting 'customer-centric' approach to enhance revenue ▶ Increasing operational efficiency ▶ Exploring new market opportunities ▶ Higher Corporate Governance	**Opportunity** ▶ Access to capital ▶ Increase in the share price of stocks	▶ Return on Equity	
Privacy And Data Security	Data governance practices, including how the Company collects, uses, manages, and protects data. The issue focuses on measures taken to ensure the safe and secure use and/ or maintenance of customers' personally identifiable data	**Risk** Lack of adequate and transparent data security and privacy systems can lead to dire economic and reputational losses for financial institutions and a loss of customer confidence	▶ Implementing sound information security systems and policies to manage sensitive customer data ▶ Training employees on the privacy policy and information security procedures regarding the appropriate access, use, and disclosure of personal data	**Risk** ▶ Legal fees in case of customer lawsuits ▶ Regulatory fine and penalty ▶ Loss of customers ▶ Monetary loss in case of ransom demands	▶ Cyber-security incident ▶ Breaches of customer privacy ▶ Percentage of employees who received training on information and data security	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Occupational Health And Safety (OHS)	Providing a work environment that promotes better health and well-being (mental and physical) of employees results in better productivity and boosts employee morale	**Opportunity** Adopting health and well-being measures can lead to improvement in employee productivity. This in the long term may lead to lower employee attrition.	▶ Introducing employee well-being measures, including flexible working patterns and healthcare support ▶ Conducting health and safety workshops	**Opportunity** ▶ Lower talent acquisition costs	▶ Employee well-being measures ▶ Absentee rate ▶ Injury rate ▶ Number of training sessions conducted on OHS	
Consumer Financial Protection	This relates to product stewardship and transparency	**Risk** Potential reputational and regulatory risks arising from unethical lending practices or mis-selling financial products to consumers.	▶ Installing procedures and programmes to provide adequate, clear, and transparent information about products and services	**Risk** ▶ Loss of repeat customers ▶ Legal fees in case of customer lawsuits	▶ Customer satisfaction ▶ Number of repeat customers ▶ Number of financial literacy awareness sessions conducted	
Providing Transparent And Fair Advice To Stakeholders			▶ Conducting employee training on financial protection as well as sensitising them on the consequences of mis-selling financial products to consumers		▶ Number of training sessions conducted for employees to sensitize them on the consequences of mis-selling ▶ Percentage of customer-facing employees trained on fair selling practices	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Sustainable Finance	Sustainable finance refers to the process of taking ESG considerations into account when making investment and lending decisions in the financial sector, leading to more long-term value creation	**Opportunity** The opportunity to offer new financial instruments allows financial institutions to develop new revenue streams and build trust amongst stakeholders. Enable alignment with impact investors and secure low-cost patient capital	▶ Integrating ESG aspects and related policies in the credit/ lending decisions across business verticals ▶ Designing sustainability themed financial products	**Opportunity** ▶ Access to patient capital ▶ Increase in revenue from new financial products	▶ Total RE capacity financed ▶ Number of EVs financed ▶ Sustainability focused loans secured	
Maintenance Of Credit Ratings	Credit ratings reflect rating agencies' opinions on the Company's financial strength, operating performance and strategic position	**Opportunity** Strong credit ratings repose investor confidence in the financial strength of the Company	▶ Establishing a strong financial track record and ensuring sound financial health	**Opportunity** ▶ Increase in stock prices ▶ Access to capital	▶ Maintenance of highest credit ratings received from third-party credit rating agencies	
Data Analytics For Early Warning Signals (EWS)	Identifying potentially weak credit with a high emphasis on maintaining Zero DPD (Days Past Due)	**Opportunity** This helps improve collection efficiency (CE) and ensure fewer NPAs in the credit portfolio	▶ Adopting analytics-driven monitoring systems to identify weak accounts before they turn into NPAs	**Opportunity** ▶ Fewer NPAs	▶ Fewer NPAs	
Customer Relationship Management	Managing customers, sales and distribution channels, customer satisfaction, and customer protection	**Risk** Failure to provide services that satisfy customer expectations may result in lengthy and costly litigation, diminished trust with clients, and lower sales as a result	▶ Understanding customer expectations and needs ▶ Providing transparent information and fair advice to customers related to the product	**Risk** ▶ Lower revenue ▶ Costly litigation fee	▶ Percentage of repeat customers	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Bound-ary
Risk And Crisis Management	Identification, analysis, acceptance, and mitigation of regulatory, economic, environmental (including climate), and social risks	**Opportunity** Effective risk and crisis management is vital for Company's long-term financial health	▶ Promoting Company-wide effective risk culture ▶ Establishing structural independence of organisation's risk function ▶ Conducting risk-specific education and training for the Board of Directors and employees to ensure that they are aware of the latest risk management practices and are equipped to assess and mitigate risks	**Opportunity** ▶ Increased revenue ▶ Access to capital	▶ Training hours on risk management ▶ Ability to mitigate risk	
Business Model Resilience	Creating and delivering value for all stakeholders without depleting the natural, economic, and social capital is key to developing a sustainable business model	**Risk** Inability to absorb losses owing to unforeseen contingencies and sudden external shocks can lead to dire consequences to the viability of the business	▶ Implementing sound ESG policies, protocols, and processes to build a sustainable business model that can weather disturbances	**Risk** ▶ Financial losses ▶ Depletion of reserves	▶ CRAR ▶ ROE ▶ PAT	
Human Capital Development	Developing human capital to make sure that employees have the necessary skill set needed to perform well and execute the business strategy	**Opportunity** Human Capital Development enables LTF to maintain its competitive advantage and ensures that the Company has the appropriate skill set to execute the business strategy. These actions attract and retain talent, motivate employees, improve well-being, enhance productivity and foster business innovation	▶ Investing in training, upskilling and re-skilling the workforce ▶ Conducting regular performance and career development reviews considering employee expectations and aspirations	**Opportunity** ▶ Lower talent acquisition costs ▶ Lower operational costs due to improved productivity	▶ Percentage of employees who received skill upgradation trainings ▶ Average number of training hours per employee ▶ Employee volunteering ▶ Employee turnover rate ▶ Number of benefits offered to employees	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Impact On Rural Livelihood	Focus to boost economic growth amongst rural communities through the provision of last-mile credit through its products	**Opportunity** Enable last-mile financial access, increase customer base, and respond to the growing number of socially conscious investors	▶ Increasing rural finance portfolio ▶ Conducting financial literacy sessions for rural and marginalised sections of society	**Opportunity** ▶ Increase in market share from rural business	▶ Percentage of customers from low-income states ▶ Number of rural women receiving loans	
Human Rights	Focusing on the management of fundamental human rights throughout the Company and its value chain and compliance with all applicable local laws pertaining to human rights. This includes a commitment to the prohibition of child labour, protection of indigenous rights, prohibition of forced and compulsory labour, equal remuneration for men and women and freedom of association	**Risk** Non-adherence to human rights principles may lead to reputational damage and penalties **Opportunity** Adherence to human rights will result in an improved ability to attract and retain talent and stronger brand equity	▶ Ensuring compliance with international and domestic human rights standards across the value chain ▶ Conducting human rights trainings for stakeholders	**Risk** ▶ Regulatory fines and penalties ▶ Reduced access to capital from socially conscious investors ▶ Reduced costs relating to talent acquisition **Opportunity** ▶ Improved access to capital	▶ Percentage of employees who received training on human rights ▶ Number of value chain partners covered by Third-Party Code of Conduct	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Bound-ary
Financial Inclusion	Ensuring the availability of finance to a population that does not have access to finances to drive financial inclusion It entails bringing the unbanked and underbanked population into the formal economy through financial solutions and community development initiatives	**Opportunity** Opportunities for growth and strengthening market positioning in underserved markets and customer segments (e.g., rural areas, small businesses, women entrepreneurs, etc)	▶ Expanding financial services to underserved markets, including small business lending ▶ Developing innovative distribution channels and leveraging digital tools to drive the last mile financial access	**Opportunity** ▶ Increase in revenue	▶ Percentage of New to Credit (NTC) customers ▶ Number of community members trained in digital financial literacy by Digital Sakhis	
Diversity, Inclusion And Equity	Promoting diversity, inclusion and equity in the Company and providing fair and equal remuneration and advancement opportunities to all employees Ensuring there is no discrimination based on race, ethnicity, caste, colour, age, sex, disability, sexual orientation, and socio-economic status of an individual	**Opportunity** Ensuring diversity can enhance organisational performance because it brings together people with varying views and perspectives This in turn leads to better talent attraction and retention, increases greater employee engagement and results in higher efficiency. This diversity results in better innovative and problem-solving skills, improves talent attraction	▶ Developing and regularly updating the diversity and inclusion policy and programme ▶ Creating awareness amongst the internal stakeholders about the Company's policy on diversity and inclusion	**Opportunity** ▶ Improvement in net profits, operational efficiency, and productivity as a result of a diverse workforce	▶ Percentage of women in Senior Management Positions ▶ Percentage of women in total workforce ▶ Number of persons with disabilities in the workforce	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Boundary
Policy Advocacy	Communicating with regulators on good governance and economic practices for the efficient conduct of business	**Opportunity** Maintaining a continuous dialogue with regulators can strengthen the Company's credibility and market position.	▶ Regularly engaging with regulatory bodies ▶ Identifying newly implemented regulatory norms and requirements	**Opportunity** ▶ Lower penalties and fines	▶ Cases of non-compliance ▶ Penalties and fines	
Emissions In Operations	Refers to a company's management of risks related to its own operational energy use and greenhouse gas emissions (Scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics	**Opportunity** Efforts taken by organisations to minimise GHG emissions can aid business preparedness to mitigate risks arising from climate change.	▶ Regularly monitoring GHG emissions ▶ Taking measures to reduce tthe Company's carbon footprint	**Opportunity** ▶ Lower exposure to risks arising from climate change	▶ Reduced carbon footprint ▶ Percentage of renewable energy in total energy mix ▶ Emissions avoided ▶ Scope 1, 2 and 3 emissions	
Local Community Development	Engagement with local communities (including Indigenous peoples) through community involvement, community development, and/or measures to reduce negative impacts on local communities	**Opportunity** Ensuring goodwill with local and indigenous communities through community development initiatives and engagements can validate the organisation's social license to operate	▶ Conducting need assessments to identify and implement appropriate community development initiatives ▶ Monitoring potential impact of operations on local communities	**Opportunity** ▶ Increase in revenue share from socially conscious customers	▶ Number of CSR beneficiaries ▶ Number of villages covered through CSR initiatives	

Material Topic	Explanation	Rationale for Identifying the Risk/ Opportunity	Approach to Adapt or Mitigate	Financial Implications of the Risk or Opportunity	Key Performance Indicators	Bound-ary
Digital Innovation	Digital technologies have the potential to boost more inclusive and sustainable growth by stimulating innovation, generating efficiencies, and improving services. It is pertinent to see whether the Company leverages digital financial solutions to provide seamless customer services	**Opportunity** The Company can leverage digital financial solutions and products to improve customer experience, increase the operational footprint and overall productivity	▶ Deploying innovative technologies and tools for enhanced efficiency for seamless customer services	**Opportunity** ▶ Lower operational costs ▶ Improvement in revenues with a better operational footprint	▶ Percentage of repayments done through digital modes ▶ Percentage sourcing using digital means ▶ Digitalisation of processes and controls ▶ Percentage of employees trained on digital tools	
Resource Efficiency	Focusing on how efficiently and effectively a company uses natural resources and materials during its operations and business activities	**Opportunity** By focusing on resource efficiency, the Company can not only improve operational efficiency but also attract environmentally conscious customers and reduce cost	▶ Using energy efficient appliances ▶ Implementing water conservation measures ▶ Introducing initiatives to minimise paper consumption ▶ Implementing waste management measures such as food waste composting, waste segregation, and sewage treatment, amongst others	**Opportunity** ▶ Lower operational costs ▶ Increase in revenue share from socially conscious customers	▶ Energy consumption ▶ Energy savings ▶ Water consumption ▶ Waste generation and recycling ▶ Paper consumption	
Global And Domestic Economy And Policy	The impact of national and international policies on the business operations of the Company	**Opportunity** Contribution to policy formulation and industry research can help improve market position and increase the Company competitive advantage	▶ Actively participating and collaborating with industry peers and associations by contributing to discussions, research, and policy development	**Opportunity** ▶ Lower cost of operation with congenial policy reform	▶ Number and type of engagement with industry associations and regulators ▶ Compliance with internationally accepted standards and frameworks	

Performance Targets FY23

Driving Development through Business

Targets	Performance FY23	Material Topic Covered	SDG
To encourage rural women entrepreneurs to expand their business, maintain proportion of customers taking repeat Rural Group Loans and Micro Finance at 45% in FY23	Of the total loan disbursed in FY23, 48% of disbursements were to repeat customers	▶ Impact on Rural Livelihood ▶ Customer Relationship Management	10 REDUCED INEQUALITIES
Maintain 50% contribution of Rural Loan book in FY23 from low-income states	51.5% contribution from Rural Loan book was from low-income states in FY23	▶ Impact on Rural Livelihood ▶ Financial Inclusion ▶ Sustainable Finance	10 REDUCED INEQUALITIES
Increase the number of women borrowers receiving Rural Group Loans & Micro Finance to 70 lakhs by FY25	Increased the number of women Rural Group Loans & Micro Finance borrowers to 60,09,430 in FY23	▶ Impact on Rural Livelihood ▶ Financial Inclusion ▶ Sustainable Finance	5 GENDER EQUALITY
Achieve 40% contribution of loan book towards rural livelihood financing by FY26	51.2% contribution of loan book towards rural livelihood achieved in FY23	▶ Impact on Rural Livelihood ▶ Financial Inclusion ▶ Sustainable Finance	10 REDUCED INEQUALITIES
Achieve 3x increase in EV Financing in FY23 compared to FY22	23,539 EVs financed, achieving 4x increase from 5,450 in FY22	▶ Sustainable Finance	11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION

Performance Targets FY23

Enhancing Customer Centricity and Digitalisation

Targets	Performance FY23	Material Topic Covered	SDG
Achieve 100% of Rural Group Loans and Micro Finance branch employees operating fully on mobile applications by FY25	100% Rural Group Loans and Micro Finance sourcing done through mobile application by employees	▶ Digital Innovation ▶ Customer Relationship Management ▶ Resource Efficiency	17 PARTNERSHIPS FOR THE GOALS
Deploy a B2C servicing application across the retail businesses in 2023 with in an attempt to reduce Scope 3 emissions as well as contribute towards financial wellness for customers (holistic financial inclusion), therefore, addressing SDG 13 (Climate Change)	PLANET app launched on March 22, 2022, servicing across the retail businesses	▶ Climate Strategy and Risk ▶ Customer Relationship Management ▶ Digital Innovation	13 CLIMATE ACTION

Leveraging Sustainable Finance

Targets	Performance FY23	Material Topic Covered	SDG
Raise sustainable-focused funding worth ₹ 500 Cr in FY23	₹ 585 Cr raised (₹ 225 Cr Sustainability Linked loan and ₹ 360 Cr Social loan)	▶ Sustainable Finance	8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

Performance Targets FY23

Driving Development through CSR

Targets	Performance FY23	Material Topic Covered	SDG
10% increase in adoption of digital mode of payments among target rural communities in the Digital Sakhi project in FY23	12% increase in adoption of digital mode of payments in FY23	▶ Digital Innovation ▶ Impact on Rural Livelihood ▶ Financial Inclusion	5 Gender Equality
Increase the community outreach to 7,50,000 members every year till FY25	Community outreach was increased to 11.78 lakhs+ in FY23	▶ Impact on Rural Livelihood ▶ Local Community Development ▶ Stakeholder engagement	1 No Poverty 5 Gender Equality 17 Partnerships for the Goals
Achieve 2x increase in number of villages covered through CSR activities by FY26 compared with FY21	Covered 1,005 villages through CSR activities as compared to baseline of 565 villages in FY21	▶ Local Community Development ▶ Stakeholder engagement ▶ Brand Reputation	5 Gender Equality 10 Reduced Inequalities 13 Climate Action

Nurturing a Capable and Productive Workforce

Targets	Performance FY23	Material Topic Covered	SDG
Increase the share of women representation to 18% in senior management positions by FY26	Women representation of 14% in senior management maintained	▶ Diversity, Inclusion and Equity ▶ Brand Reputation	5 Gender Equality 10 Reduced Inequalities

Performance Targets FY23			
Nurturing a Capable and Productive Workforce			
Targets	**Performance FY23**	**Material Topic Covered**	**SDG**
Increase the share of women representation to 15% in middle and senior management positions by FY26	Women representation increased to 9% in FY23 in middle and senior management from 7% in FY22	▶ Diversity, Inclusion and Equity ▶ Brand Reputation	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Increase the share of women representation to 8% in total workforce by FY30	Women representation of 4% in total workforce maintained	▶ Diversity, Inclusion and Equity ▶ Brand Reputation	5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Establish training framework: ▶ 100% of employees to be trained on Occupational, Health and Safety in FY23 ▶ 100% of employees to be trained on Human Rights in FY23 ▶ Roll-out module for ESG training for employees and vendors in FY23	▶ Rolled out dedicated ESG training module for employees ▶ Conducted ESG training for CSR vendor partners and initiated assessments ▶ 100% of new employees trained on ESG ▶ 100% of new employees trained on Occupational Health and Safety ▶ 100% of new employees trained on Human Rights	▶ Stakeholder engagement ▶ Human Capital Development ▶ Human Rights ▶ Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES

Performance Targets FY23

Nurturing a Capable and Productive Workforce

Targets	Performance FY23	Material Topic Covered	SDG
Achieve an average of 35 hours of training across all employee categories by FY26	Increased average hours of training to 23.98 hours from 21 hours in FY22	▶ Human Capital Development	4 Quality Education; 8 Decent Work and Economic Growth
Increase employee volunteering hours by 10% in FY23 as compared to FY22	▶ 171 hours contributed by employee volunteers leading to 22% increase as compared to 140 hours in FY22 ▶ Activities included Digital & Financial literacy, ESG training to NGO partners, BFSI Sessions, Story telling in schools & Life Skill sessions	▶ Local Community Development ▶ Financial Inclusion	4 Quality Education; 10 Reduced Inequalities; 13 Climate Action

Protecting the Environment

Targets	Performance FY23	Material Topic Covered	SDG
Reduce electricity consumption per capita by 1% in FY23, compared with FY20	Reduced electricity consumption by 20% from 0.188 (FY20) to 0.15 mWh/ capita	▶ Emissions in Operations ▶ Resource Efficiency	7 Affordable and Clean Energy; 13 Climate Action

Performance Targets FY23

Protecting the Environment

Targets	Performance FY23	Material Topic Covered	SDG
Use of 50% recycled paper in operations by FY25	Achieved 21% usage of recycled paper in operations	▶ Resource Efficiency	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Undertake water replenishment activities to claim water positive status in FY23	▶ Achieved Water Positive status ▶ Water replenished 280.66 lakhs KL ▶ Water consumed 2.51 lakhs KL ▶ Structure repair completed in 20 villages in Beed district ▶ Completed capacity building sessions in 122 villages ▶ Third Party Assurance by EY ▶ Signatory to WASH pledge	▶ Local Community Development ▶ Climate Strategy and Risk ▶ Risk and Crisis Management ▶ Transparency and Disclosure	6 CLEAN WATER AND SANITATION
Achieve 40,000+ tree plantations in FY23	Planted 50,000+ trees through Project Prakruti in Karnataka	▶ Local Community Development ▶ Climate Strategy and Risk	15 LIFE ON LAND
Zero single-use plastic in corporate office by FY25	Single use plastic discontinued in the Head Office	▶ Resource Efficiency	13 CLIMATE ACTION

LTF has been taking measures to strengthen public disclosures and stakeholder engagement to adhere to the tenets of transparent and ethical practices. All compliance and regulatory related actions are in alignment with material topics namely, providing fair advice to stakeholders, transparency and disclosure and business ethics. To ensure a culture of ethics and right conduct, your Company conducts employee sensitization sessions and other relevant trainings for adoption of ethical practices, including the Code of Conduct. Moreover, there are stringent measures in place to keep a check on possible mis-selling of financial products. Actions to enhance internal controls and processes for transparent disclosures have been taken by way of automation of various processes.

In line with the material topic of regulatory compliance, LTF reviews existing systems and processes and endeavours to embed governance practices that best meet or exceed regulatory requirements. There are robust internal audit processes and procedures that are reviewed and supervised by the Internal audit team and there are periodic engagements with regulatory bodies with the objective of meeting all compliance norms and requirements. Besides enhanced uptake of analytics-based monitoring systems, LTF has deployed a robust review system that provides Early Warning Signals to keep a check on the DPD (Days Past Due) status. Keeping in view the material topics of global and domestic economy and policy and policy advocacy, LTF carries out periodic collaborations with industry associations and peers, and regular engagements with regulators to strengthen its compliance position as an organisation.

Sustainability Targets

Targets	SDG Mapping
Become carbon neutral by 2035	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION; 15 LIFE ON LAND
Maintain the water-positive status in FY24	6 CLEAN WATER AND SANITATION
Achieve a 2x increase in EV Financing in FY24 compared to FY23	11 SUSTAINABLE CITIES AND COMMUNITIES; 13 CLIMATE ACTION
Create a roadmap to Zero Waste to Landfill	6 CLEAN WATER AND SANITATION; 13 CLIMATE ACTION
Use 50% recycled paper in operations by FY25	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
Raise sustainability focused/priority sector funding worth ₹ 500 Cr in FY24	8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES; 13 CLIMATE ACTION; 17 PARTNERSHIPS FOR THE GOALS

Targets	SDG Mapping
Achieve or maintain a 40% contribution of the loan book towards rural livelihood financing by FY26	10 REDUCED INEQUALITIES
Encourage rural women micro-entrepreneurs to expand their businesses, and maintain a proportion of custom-ers,taking repeat Rural Group Loans & Micro Finance at 50% in FY24	10 REDUCED INEQUALITIES
Maintain 50% contribution of the Rural Loan book in FY24 from low-income states	10 REDUCED INEQUALITIES
Increase the number of women borrowers receiving Rural Group Loans & Micro Finance to ₹ 70 lakhs by FY25	5 GENDER EQUALITY
Use the PLANET app across the retail business in an at-tempt to reduce Scope 3 emissions ▸ Driving digital collections of more than ₹ 450 Cr through the app ▸ Building a robust servicing channel with more than 70% of LTF servicing through the PLANET app	17 PARTNERSHIPS FOR THE GOALS
Increase the rate of adoption of digital modes of payment among target rural communities in the Digital Sakhi proj-ect in FY24 by 10%	5 GENDER EQUALITY
Achieve a 3x increase in villages covered through CSR activities by FY24 compared to FY21	5 GENDER EQUALITY 10 REDUCED INEQUALITIES 13 CLIMATE ACTION
▸ 100% of employees to be trained on occupational health and safety ▸ 100% of employees to be trained on human rights	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES
Increase employee volunteering hours by 2x in FY24 as compared to FY22	4 QUALITY EDUCATION 10 REDUCED INEQUALITIES 13 CLIMATE ACTION

Targets	SDG Mapping
Strengthen the Diversity and Inclusion programme, through specialised training on capacity building for women employees	5 GENDER EQUALITY
Undertake hazard identification and risk assessment	3 GOOD HEALTH AND WELL-BEING
Build a framework for engagement with value chain partners on sustainability	17 PARTNERSHIPS FOR THE GOALS
Increase the share of women's representation to 18% in senior management* positions by FY26	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Increase the share of women's representation to 15% in middle# and senior management positions by FY26	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Increase the share of women's representation to 8% in the total workforce by FY30	5 GENDER EQUALITY; 10 REDUCED INEQUALITIES
Achieve an average of 35 hours of training across all employee categories by FY26	4 QUALITY EDUCATION; 8 DECENT WORK AND ECONOMIC GROWTH
Community outreach to be 7,50,000 members every year till FY25	1 NO POVERTY; 5 GENDER EQUALITY; 17 PARTNERSHIPS FOR THE GOALS

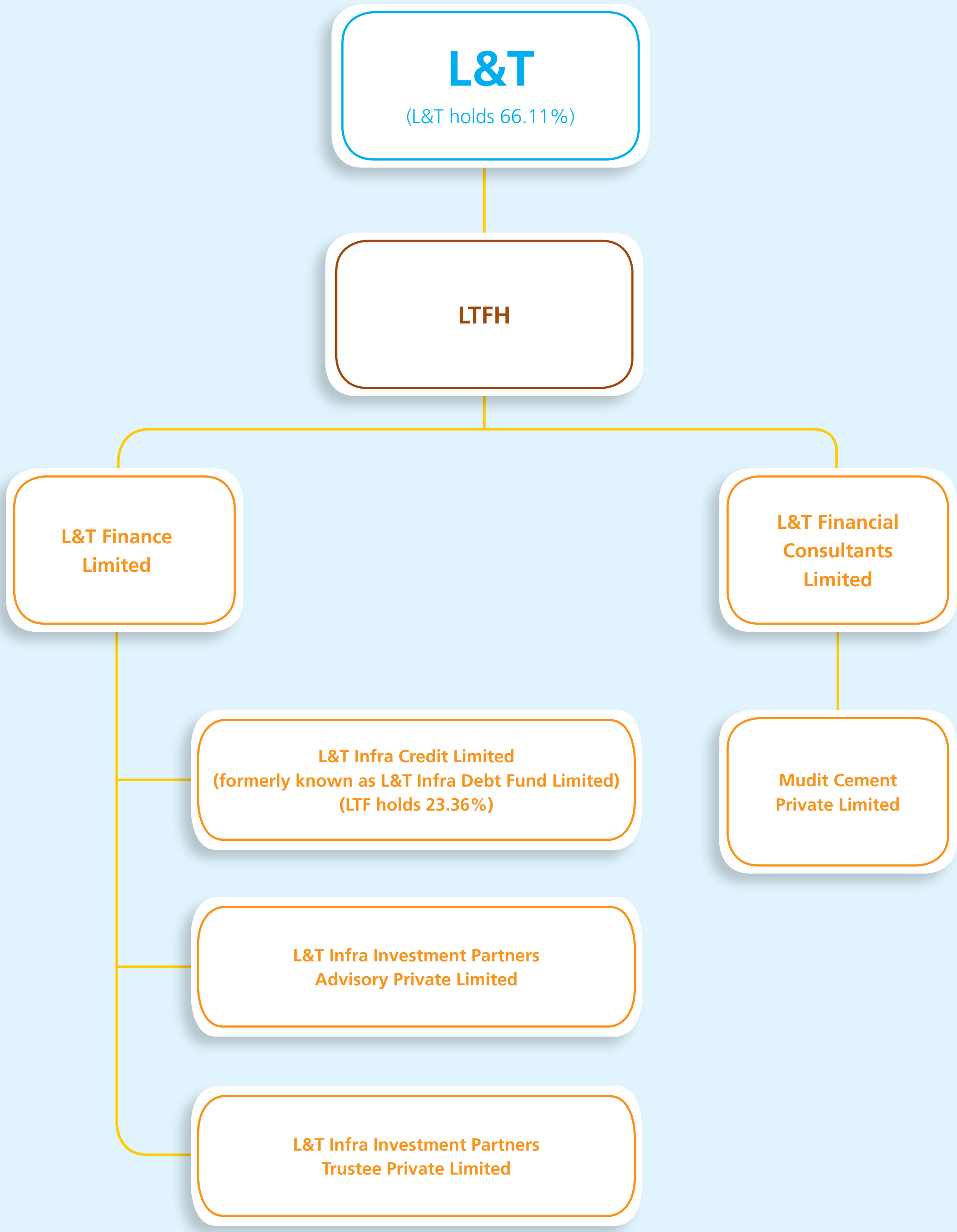
* Senior Management includes BL and above grade employees

Middle Management includes OL grade employees

CORPORATE GOVERNANCE

LTF considers governance as the foundation for sustainability, innovation, and business performance. Your Company consistently strives to achieve benchmarks of excellence in corporate behaviour by implementing the highest standards of controls, systems and processes. The governance section is divided into two core areas: corporate governance and ethics, which cover the intrinsic values of the Company's culture and its evolution as LTF aims to attain sustainable growth.

CORPORATE FRAMEWORK



Inclusion of ESG

as one of the core pillars of the Lakshya 2026 business strategy

ESG Focused

discussions as part of business presentation at Board Meetings

ESG in Board Evaluation

is one of the parameters for the Board Evaluation

Separate ESG Committee

focused sustainability specific terms of reference

Separate Offices

of Chairperson and the Managing Director & Chief Executive Officer since July 2016

Lead Independent Director

since October 2020

GOVERNANCE STRUCTURE

LTF is L&T Group's financial services arm and draws its legacy of strong governance from its parent organisation. Your Company believes that corporate governance is a continuous journey towards sustainable value creation for all stakeholders, driven by and built on the Company's values. Your Company's corporate governance principles are reflected in its culture, policies, relationship with stakeholders, and commitment to values. LTF's governance structure encourages an action-oriented culture of 'Results' based on its core values of Pride, Integrity, Discipline, and Ambition.

The Company has adopted a review framework under which all the policies adopted by the Company which help drive the corporate governance culture, are reviewed on an annual basis to keep in line with the changing environment and regulatory requirements. Thus, the review is not restricted to a need-based review.

Corporate Governance Structure

Critical roles like Internal Auditor, Chief Compliance Officer and Chief Risk Officer report directly to the Audit / Risk Management Committee thereby strengthening the independent functioning of these important teams.

Board of Directors

The Board of Directors (the Board) plays a crucial role in guiding and reaffirming your Company's values and strategy. It ensures the implementation of appropriate governance to support operations and protect stakeholders' interests, guiding and reasserting the Company's values and strategy. Moreover, the Board also enables an effective governance mechanism to achieve the Company's mission of value creation and provides strong oversight of the Company, acting as a sounding board and guide for various initiatives.

As a responsible corporate citizen, LTF is committed to sound corporate practices based on conscience, openness, fairness, professionalism, and accountability, building the confidence of various stakeholders and paving the way for its long-term success. The composition of the Board of Directors is in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations), the Companies Act, 2013 (the Act) and RBI regulations. Your Company has fully adhered to the requirements mandated by SEBI under SEBI Listing Regulations.

The Board comprises prominent experts from diverse backgrounds, each with rich experience. The Board includes seasoned entrepreneurs and professionals from the private and public sectors, with expertise in both banking and non-banking fields.

Presently, the Board consists of eight directors, including four Independent Directors, one Executive Director, two Non-Executive Directors and one Nominee Director. These directors represent diverse fields and sectors that, inter alia include finance, information technology, risk management, ESG, and policy development. The composition of the Board is an optimal mix of professionalism, knowledge, and experience, enabling it to fulfil its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries.

Any appointment/re-appointment on the Board has three tier approval process- evaluation and recommendation of candidates by the Nomination and Remuneration Committee (NRC), Board review and recommendation, and approval of shareholders / members. All appointments/re-appointment are subject to and based on requirements under the various applicable laws. Each Board member is individually elected.

Further, the re-appointment of directors retiring by rotation (as per regulatory requirements) is also subject to the approval of shareholders/members.

Declaration of Independence

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. This declaration states 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 exists or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence. Moreover, the Managing Director of the Company does not serve as an Independent Director in any other company.

Board Diversity

The Board members have been given a fiduciary role in guiding your Company towards a sustainable future by adopting sound policies and practices. To achieve this objective, the NRC reviews and selects candidates for the Board. The NRC ensures that the Board comprises the required number of Independent Directors, who meet the independence requirements in accordance with the requirements of the applicable laws. The NRC considers several factors, including experience, achievements, expertise, independence, diversity in the boardroom, knowledge, and talent, before recommending a candidate to the Board for a Board position. Additionally, the NRC ensures that the size of the Board is appropriate, considering regulatory requirements and business needs.

Board's diversity is essential for the success of its businesses. Your Company has a Board-approved diversity policy, which enhances efficiency and effectiveness of the Board. Your Company follows the principle of 'no conflict of interest' while inducting a Director on its Board and strives to maintain the same throughout the Board member's tenure.

The following table correlates the competencies of Board members with the necessary skill criteria essential for the efficient operation of the Board:

Name of the Director	Designation	Expertise										Experience
S. N. Subrahmanyan	Non-Executive Director, Chairperson	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	>39 years
Dinanath Dubhashi	Managing Director & CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	> 32 years
R. Shankar Raman	Non-Executive Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	> 39 years
Shailesh Haribhakti	Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	> 42 years
P. V. Bhide	Independent Director	✓	✓	✓	✓	✓	✓	✓	✓		✓	> 42 years
Thomas Mathew T.	Independent Director	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	> 42 years
Rajani R. Gupte	Independent Director	✓			✓	✓	✓	✓		✓	✓	> 42 years
Pavninder Singh	Nominee Director	✓	✓		✓	✓	✓	✓	✓		✓	> 25 years

- Leadership Qualities
- Industry Knowledge and Experience
- Experience and Exposure in Policy Shaping and Industry Advocacy
- Understanding of Relevant Laws, Rules, Regulation and Policy
- Corporate Governance
- Financial Expertise
- Risk Management
- Global Experience / International Exposure
- Information Technology
- ESG Expertise

Board Effectiveness and Performance

Boards are expected to be highly engaged, knowledgeable, and effective. A company's culture and values are promoted and developed by an effective Board. Your Company's Board prioritises learning and development, conducting annual evaluations of its performance, along with that of committees and individual directors, to ensure its effectiveness. The Directors and Officers Liability Insurance policy is critical to safeguard directors and help them perform their duties effectively.

Learning and Development of Board to Enhance Effectiveness

Your Company provides its Directors with training opportunities related to its business, both during the induction process and periodically. The Board conducts a dedicated meeting annually to discuss the strategy and budget of the Company and its subsidiaries. Additionally, the Board members hold meetings to exchange perspectives and insights, enabling the Management (including Key Management Personnel (KMP)) to benefit from the Directors' experience and enhance your Company's operations.

During FY23, 100% of the Board of Directors has undergone dedicated trainings on ESG and Info Sec, the emerging topics in the current scenario. For details on number of training hours of the Board, please refer the BRSR.

During the Board meetings, the Directors are informed regarding regulatory changes and their impact on the Company. The Directors are also briefed periodically about their roles and responsibilities.

In addition, Directors gain detailed insights into your Company's operations through visits to its branches. These on-site visits enable them to understand the ground realities of the Company's businesses.

The Group Executive Committee (GECs), comprising Chief Executives (CEs) of respective businesses and group heads of various functions, attend the Board/Committee meetings as invitees and provide regular inputs, ensuring continuous engagement between the Board and the Management. The Company encourages regular interactions between Directors and the senior management throughout the year. During the year, the Directors had both formal/ informal meetings/ interactions with the senior management which helped in enhancing Board effectiveness.

Your Company ensures that each Director receives accurate and succinct information necessary to fulfil their responsibilities with the assistance of the Company Secretary. In compliance with regulatory timelines, agenda notes containing comprehensive business updates and other pertinent information are shared in advance, enabling Directors to read through them, have informed discussions and make sound decisions during Board meetings. These meetings provide a conducive environment for deep and meaningful conversations on multiple facets of your Company, such as social, governance, audit, and business matters.

Upon joining, newly appointed directors receive briefings from senior executives on their expected roles and responsibilities, including their legal obligations as members of the Board/Committee(s), the organisation's financial standing, governance structures, and other relevant details.

Performance Evaluation

Your Company acknowledges the importance of ensuring continuous improvement in the effectiveness of the functioning of the Board and Committees to support business operations and enhance corporate synergies. It carries out annual evaluations of the Board, its committees, and each Director individually.

The annual evaluation of the Board's performance involves a questionnaire aligned with guidelines from SEBI and the Institute of Company Secretaries of India, along with industry best practices. The performance evaluation also includes ESG considerations as one of the parameters. The assessments are presented and thoroughly discussed during both the Board and NRC meetings, with feedback being addressed.

Board Performance Evaluation Process

- Evaluation Parameters
- Assessments by Board
- Deliberations -Nomination and Remuneration Committee and Board
- Implementation of Actionable Points
- Monitoring

Board Committees

Committees are a subdivision of the Board, with roles and responsibilities defined by the Board. These help in effective management of the Board's time and enhance its overall efficiency. Your Company has instituted various Committees of the Board in accordance and compliance with the applicable requirements under the SEBI Listing Regulations and the Act. Each of the Committees has its own charter, clearly defining its roles and responsibilities. These Committees, through their recommendations to the Board, play a crucial role in ensuring effective compliance and governance of the Company. Currently, the Board has established various Committees as mandated by the Act, SEBI Listing Regulations, and RBI regulations.

These Committees include:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility and ESG Committee
- Stakeholders Relationship Committee
- Committee of Directors
- Group Risk Management Committee
- IT Strategy Committee
- Credit committee
- Asset Liability Management Committee

The Board is kept apprised of the deliberations and discussions at the meetings of the Committees by providing the Board a summary of discussions and decisions, as well as the full minutes of the meetings.

Audit Committee

The Audit Committee is responsible for overseeing your Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible. This oversight is critical to maintain the Company's reputation and credibility in the financial marketplace. The Committee must ensure that the financial statements are prepared in accordance with the applicable laws and present a clear and accurate picture of the Company's financial position.

The Independent Chairperson of the Audit Committee is required to have interaction with the Credit rating agencies once every year without the presence of the management. The interaction mainly pertains to discussing various matters including related party transactions, internal financial controls and other material disclosures made by the management, which have a bearing on the ratings.

One of the key responsibilities of the Audit Committee is to recommend the appointment, remuneration, and conditions of appointment for the auditors of your Company. The Committee also approves the payment to statutory auditors for any other services rendered by the latter. The Committee, along with the management, reviews the Annual Financial Statements and the auditor's report before submission to the Board for approval. This review includes a particular reference to matters required for inclusion in the Director's Responsibility Statement, which subsequently constitutes a part in the Board's report as per Section 134(3)(c) of the Act.

Additionally, the Audit Committee reviews changes, if any, in the accounting policies and practices, along with the reasons behind them. This review also includes significant accounting entries involving estimates based on the exercise of judgement by management, significant adjustments made in the financial statements due to audit findings, compliance with listing and other legal requirements regarding financial statements, disclosure of any related party transactions, and qualifications in the draft audit report.

The Committee also reviews, with the management, the quarterly and annual financial statements before submission to the Board for approval. This review is critical to ensuring that the financial statements are accurate and complete and that the Company is meeting its financial objectives.

Another important responsibility of the Audit Committee is to review, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, and preferential issue, among others.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency engaged in monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board.

The Committee also reviews and monitors the auditor's independence and performance, as well as the effectiveness of the audit process. This review is critical to ensuring that the auditors are performing their duties in a professional and ethical manner, and that the audit process is effective in detecting and reporting any financial irregularities or fraud.

The Independent Directors serving on the Committee approve the related party transactions, including any subsequent modifications. This review is crucial to ensure that all transactions with related parties are conducted at an arms-length basis, and your Company is not engaging in any activities that may be deemed to be a conflict of interest.

The Committee also scrutinises inter-corporate loans and investments to ensure that LTF is not involved in any activities that may be considered a conflict of interest. Additionally, the Committee also reviews the valuation of undertakings or assets of the Company, wherever required.

The Audit Committee is also responsible for evaluating internal financial controls and risk management systems. This evaluation is critical in ensuring that your Company has appropriate controls in place to manage risks, including but not limited to financial risks, and that these controls effectively mitigate the said risks.

The Committee also reviews, the performance of internal auditors, the adequacy of the internal control systems, and the competency of the internal audit function, if any. This review includes the structure of the Internal Audit Department, the staffing the reporting structure coverage, and the frequency of internal audits. Moreover, it involves discussions with internal auditors on any significant findings and follow-up thereon. The Internal Audit Department presents an audit plan at the beginning of the year, which is approved by the Audit Committee.

Composition:

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

NED- Non-Executive Director

All the members of the Audit Committee are financially literate and have accounting or financial-related management expertise.

Nomination and Remuneration Committee (NRC)

Your Company has established a dedicated committee to oversee the appointment, evaluation, and remuneration of Senior Management and senior management personnel. The NRC is responsible for identifying individuals who are qualified to assume leadership roles within the Company, recommending their appointment or removal, and conducting regular evaluations of the Board, Committees, and Directors. Moreover, the NRC has formulated criteria to determine the qualifications, positive attributes, and independence of a director, and adopted a policy on directors' appointment and remuneration/compensation for directors, senior management personnel (SMP), key managerial personnel (KMP) and other employees.

Based on the recommendation of the NRC and the Board, the terms and conditions of appointment and remuneration of the Managing Director & CEO are approved by the shareholders of the Company.

The NRC ensures that the level and composition of remuneration are reasonable and sufficient to attract and retain high-quality Directors. They also guarantee that the relationship between remuneration and performance is clear and meets with appropriate benchmarks.

In addition, the NRC has devised a policy on board diversity to promote a more inclusive and representative leadership team. The NRC is also responsible for formulating the Employee Stock Option Scheme (ESOS), deciding the terms and conditions, and administering and supervising ESOS. The NRC determines the criteria for payment of remuneration/compensation to Directors, SMPs/KMPs and employees. Further, the NRC recommends to the Board remuneration/compensation payable to the Directors, SMPs, KMPs (including the Chief Financial Officer and Company Secretary) and other employees, if required. Overall, the NRC plays a crucial role in ensuring that the Company's leadership team is well-equipped to meet the organisation's goals and drive success in the long-term.

Composition:

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

ND- Nominee Director

Corporate Social Responsibility (CSR) and ESG Committee

The role of the Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) Committee is crucial in ensuring that your Company operates in a responsible and sustainable manner. In accordance with Section 135 of the Act, the Board has constituted this Committee to guide and oversee the direction of CSR initiatives. One of the key responsibilities of the CSR and ESG Committee is to review the CSR & ESG policies and the progress made in achieving sustainability, CSR and ESG goals.

The Committee formulates/reviews/guidelines/policies with respect to CSR and Sustainability/ESG responsibilities. The Committee also monitors implementation of the action plan adopted. The Committee recommends the annual action plan and the amount to be spent on CSR activities and also monitors the implementation of the CSR Policy of the Company.

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Shailesh Haribhakti	Chairperson	ID
Dinanath Dubhashi	Member	MD & CEO
Rajani R. Gupte	Member	ID

Stakeholders' Relationship Committee (SRC)

The Shareholders' Relationship Committee (SRC) plays a crucial role in safeguarding the interests of the shareholders of your Company. The SRC is responsible for reviewing cases for refusal of transfer/transmission of shares, debentures, and other securities, if any, and ensuring that such refusals are based on sound legal and regulatory principles. Moreover, the SRC is responsible for redressing stakeholders and investors' complaints, including transfers of shares, non-receipt of balance sheets, declared dividends, and interest payments. The SRC ensures that such complaints are properly and timely addressed and resolved.

Additionally, the SRC reviews the cases for refusal of transfer/transmission of shares, debentures, and other securities, if any, and ensures that your Company takes effective measures for exercising voting rights by shareholders.

The SRC also reviews adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agent. Finally, the SRC assesses the various measures and initiatives taken by the Company. Aimed at reducing the quantum of unclaimed dividends and ensuring the timely receipt of dividend warrants, annual reports, and statutory notices by the shareholders of the Company.

SRC ensures that your Company is operating in a transparent and responsible manner.

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Rajani R. Gupte	Chairperson	ID
P. V. Bhide	Member	ID
Dinanath Dubhashi	Member	MD & CEO

Group Risk Management Committee (GRMC)

The Group Risk Management Committee (GRMC), plays a crucial role in ensuring effective risk management for LTF. The Committee is responsible for formulating a detailed risk management policy that includes identifying internal and external risks specifically faced by your Company and its subsidiaries. This includes risks related to financial, market, operational, sectoral, sustainability (including ESG-related risks), information, cyber security, or any other risk as determined by the GRMC. Additionally, the GRMC is responsible for formulating measures for risk mitigation and developing a business continuity plan.

The GRMC analyses the material risks faced by LTF and discusses all risk strategies both at an aggregated level and by the categorisation of risk. Based on its analysis, the GRMC makes recommendations to the Board aligned with the overall risk appetite. The GRMC also identifies potential intra-group conflicts of interest and articulates the leverage of LTF, while monitoring the same.

The Committee ensures that appropriate methodologies, processes, and systems are in place to monitor and evaluate risks associated with the various businesses at LTF and facilitate the exchange of information for effective risk oversight. The Committee also assesses whether the corporate governance framework addresses risk management across all entities within LTF. In addition, the Committee monitors and oversees the implementation of the risk management policy, including evaluating the adequacy of risk management systems.

The GRMC periodically reviews the risk management policy, at least once a year, including considering changing industry dynamics and evolving complexity. The Committee keeps the Board informed about the nature and content of its discussions, recommendations, and proposed actions. Furthermore, the Committee reviews the appointment, removal, and terms of remuneration of the Chief Risk Officer.

Overall, the role of the GRMC is to ensure effective governance, risk management, and compliance practices. The Committee's work ensures that LTF is well-equipped to manage any risks it may face, thus safeguarding the interests of its stakeholders and enhancing the long-term sustainability.

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

IT Strategy Committee (ITSC)

The IT Strategy Committee (ITSC) of your Company ensures that the IT investments align with LTF's strategic goals and objectives. The ITSC approves the IT strategy and policy documents and ensures that the management puts an effective strategic planning process in place. It ascertains that the management is implementing processes and practices that ensure that the IT setup and infrastructure at LTF delivers value to the business.

The ITSC ensures that IT investments represent a balance of risks and benefits and reviews the budget allocation are acceptable. The Committee also monitors the method that the management uses to determine the IT resources needed to achieve strategic goals and provides high-level direction for the sourcing and use of IT resources.

Additionally, the ITSC ensures that your Company maintains a proper balance of IT investments for sustaining its growth and becoming aware of its exposure to IT risks and controls. One of the essential roles of the ITSC is to institute an effective governance mechanism and risk management process for all outsourced IT operations.

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T.	Chairperson	ID
Managing Director & Chief Executive Officer	Member	MD & CEO
Chief Information Officer	Member	-
Chief Technology Officer	Member	-
Chief Risk Officer	Member	-
Chief Information Security Officer	Member	-

Asset Liability Management Committee (ALCO)

The Asset Liability Management Committee (ALCO) is responsible for managing market risk and ensuring compliance with the asset liability management policy and reporting systems established by the Board of Directors. Additionally, the ALCO also monitors adherence to RBI guidelines issued in this regard.

In addition, the ALCO reviews the business strategy of your Company and ensures that it is aligned with the budget and decided risk management objectives. It also considers the impact of changes in market conditions related to the balance sheet and recommends actions needed to adhere to the Company's internal limits. This Committee is also responsible for balance sheet planning from a risk-return perspective, including the strategic management of interest rate and liquidity risks.

Name of the Director	Designation in the Committee	Nature of Directorship
Managing Director & Chief Executive Officer	Chairperson	-
Vipul Chandra	Member	Representative of L&T
Group Chief Financial Officer	Member	-
Chief Risk Officer	Member	-
Group Chief Economist	Member	-

For further details on the roles and terms of reference of the aforesaid committees, please refer to the Corporate Governance report.

ETHICS

LTF is dedicated to upholding high standards of ethical behaviour in its business and operations. It has established a policy framework that fosters ethical conduct, outlines stakeholder expectations, and provides remedial measures in the event of grievances or violations.

Code of Conduct

Your Company has a Code of Conduct (CoC) that is equally applicable to all its employees, including Executive and Managerial-level officers and the Directors. All employees are required to uphold and comply with the Coc. The CHRO is responsible for implementing the CoC throughout the organisation and is responsible for internal review and supervision.

The CoC covers various aspects, such as respect for individuals, fair employment practices, bribery and corruption, privacy of employees, information confidentiality, conflict of interest, whistle blower policy, breach/violation of the code, environment, health, and insider trading, among others.

The CoC outlines specific areas where employees must adhere to the guidelines laid down to avoid conflicts of interest. These areas include professional engagement, personal relationships, and the use of your Company assets. During the reporting period, no complaints were received regarding the conflict of interest. Moreover, there were no fines or penalties paid related to law enforcement agencies/regulators during the financial year.

The CoC must be read and agreed to by every employee of LTF through a written or digital acknowledgment. This document validates that the employee has understood the CoC and will be operating according to it. The newly hired employees receive CoC training during their induction programme. Additionally, existing employees who are not in frontline positions are required to complete the CoC e-learning module every year and take an assessment post-completion of the module.

Your Company has established a CoC Committee that addresses breaches or incidents raised by an employee, or any conflict of interest identified by an employee. Employees are required to report any instance of breach or violation of the human rights violations to code@ltf.com

During the reporting period, there were no instances of breaches of the CoC reported. Also, no fines or settlements related to anti-competitive or anti-trust were incurred by LTF during the reporting period.

Preventon, Prohibition and Redressal of Sexual Harassment at Workplace (POSH)

LTF is committed to creating a safe working environment for employees and maintains zero tolerance towards any kind of workplace harassment. Your Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, your Company has constituted an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where complaints in the nature of sexual harassment can be registered. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

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

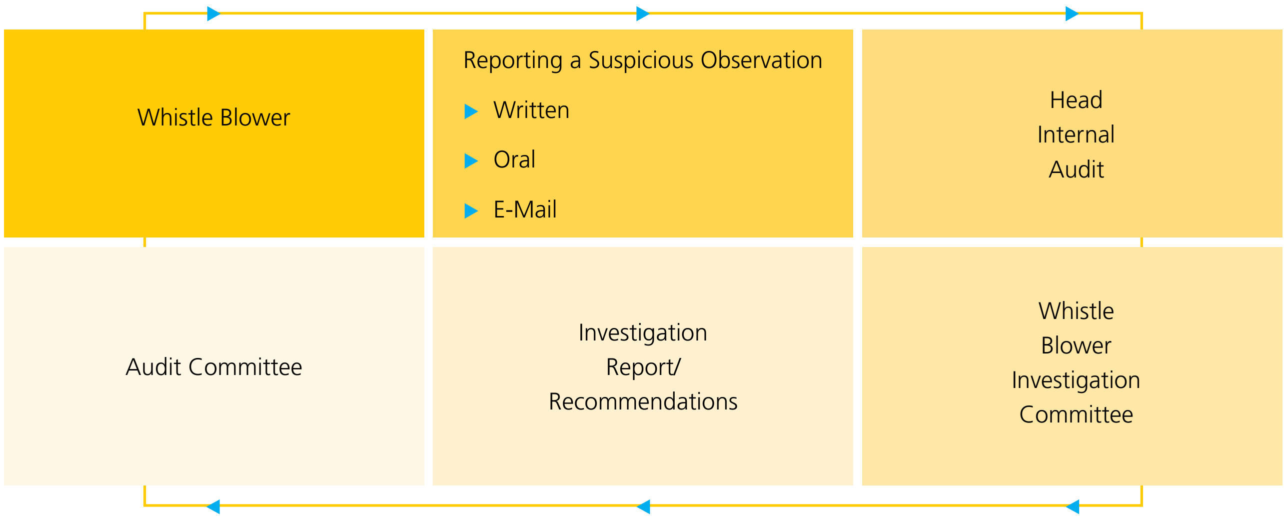
Vigil Mechanism

LTF has a structured Vigil Mechanism Framework that motivates and guides directors, employees and service providers (agency, vendor, contractor, or any outsourced partner) (collectively known as 'stakeholders') of the organisation to report any wrongdoing, unethical or improper practice without any fear of retaliation. The objective of the Framework is to establish a redressal forum that addresses all concerns raised about questionable practices and through which stakeholders, Directors, employees, and service providers can raise actual or suspected violations. The Vigil Mechanism Policy empowers all levels of employees, including top management and service providers, to raise their voices against actual/suspected violations.

Any stakeholder can report a perceived wrongdoing or an act of whistle blowing in written form via e-mail at whistleblower@ltfs.com or by post at Head Internal Audit, LTF Holdings Limited, PO Box No: 9760, Vidyanagari, Mumbai – 400098.

The Framework ensures protection from unfair termination,retaliation, threat of termination, disciplinary action, transfer, demotion, refusal of promotion or any other unfair prejudicial employment practices, which the Vigilant Person/Whistle blower/Tipster may face due to the act of whistle blowing/exercising vigilance. The Whistle blower Investigation Committee and the Framework ensures maintaining the anonymity of the whistle blower at all times.

Process of addressing and resolving the reported incident:



Anti-Corruption

The Anti-Corruption policy is publicly available on your Company's website, outlining the standards that all employees must follow when engaging with the Government or other parties in the course of conducting business. The policy also provides guidance to the employees on how to recognise and refrain from any activity that could lead to a breach of anti-bribery and anti-corruption laws.

The policy is applicable to all employees, directors, and officers of the Company, as well as any external party acting on behalf of the Company in foreign jurisdictions, such as agents, consultants, representatives, distributors, and suppliers. It is the responsibility of each employee and officer to ensure that the Company's agents and business partners are aware of and comply with the policy.

The Anti-Corruption policy defines the various activities that can be considered as bribes and provides guidelines on avoiding acts of bribery. Although the anti-corruption policy allows for charitable donations, it specifically mandates that any political contributions must adhere to relevant laws. LTF enforces fines and penalties on employees who violate the Anti-Corruption Policy.

All expenses are recorded accurately in the Company's books and are maintained as records in accordance with the Anti-Corruption policy. No significant instances of financial fraud were reported during the year.

LTF has implemented proactive measures through its Risk Containment Unit (RCU) and Internal Audit function to detect and mitigate potential corruption and fraud risks. These measures include data analytics-driven systems that are tailored to each business and cover the entire process from branch setup to settlement, including pre-and post-disbursement, collection, foreclosure, and settlement. The systems employ 360-degree monitoring, including fraud triggers based on analytics at every stage of business operations, field verifications, reviews, and audits. During the reporting period, key risks that were identified included document tampering, suspicious fake KYC, and proxy customers. Stakeholders can report these risks using the Whistle blower framework.

Responsible Sourcing

Your Company has implemented a Third-Party Code of Conduct that is applicable to all vendors, borrowers, goods and service providers, and individuals who have business relationships with the Company. The Code establishes standards for responsible business conduct, environmental stewardship, and socially sustainable practices for LTF's value chain partners. The third-party is required to adhere to the Code's provisions and recognises that the Code prohibits any communication or action that violates any laws that are applicable directly or indirectly to the third-party.

Your Company aims to raise awareness among its value chain partners about the CoC and best practices related to environmental, social, and governance (ESG) issues and therefore assessed 375 of its value chain partners in FY23.

A report of any breach or violation of the Code can be made by sending an email to code@ltfs.com.

The Third-Party Code of Conduct is publicly available on LTF's corporate website via the link: https://www.ltfs.com/csr

Tax Strategy

LTF is committed to complying with the tax laws and regulations in the geographies in which the company operates. LTF endeavours to undertake all applicable

statutory tax compliances within stipulated timelines and make adequate disclosures related to the same. LTF may legitimately use tax incentives and exemptions offered by governments.

The Company has appropriate systems and controls in place to identify and report risk related to taxation. In order to prevent any such risk, LTF seeks regular updates from the Finance team, provides appropriate training and conducts awareness sessions. LTF is not in contravention of any regulations, the non-compliance of which could adversely impact the continuity of its operations. LTF operates its business in India and therefore the Company prepares and files the tax reports in accordance with Indian laws and regulations.

DRIVING ESG GOVERNANCE AND PERFORMANCE

Your Company has established a strong framework for ESG governance and monitoring. The governance of ESG performance starts at the highest level, the Board level. Your Company was one of the first NBFCs in India to enhance the scope of its CSR Committee to include ESG (in 2021).

The Board collectively has deep expertise in sustainability and ESG. Mr. Shailesh Haribhakti, Independent Director and Chairperson of the CSR and ESG Committee, has been conferred with the Global Competent Boards Designation (GCB.D). The certificate programme covers strategic topics including ESG, climate, diversity and inclusion, human rights, SDGs, supply chains, anti-corruption, transparency, data use, cyber security, tax, investment, pay, engagement, and disclosure, and the future of good corporate governance.

ESG GOVERNANCE

- Board approved Company's ESG vision statement, goals, and strategy as part of the Lakshya 2026 plan
- The practice of focused discussions on ESG performance in quarterly Board meetings was followed
- The Board has been regularly updated on changing climatic scenarios by the Chief Economist
- Board evaluation includes ESG considerations as one of the parameters
- The important decisions taken at the Board/Committee meetings are communicated to the departments/ subsidiary companies concerned promptly to enable timely action, if required. The necessary action taken report is also placed at the meeting(s)
- ESG-related KPIs have been included as part of the KPIs of senior management. The MD & CEO compensation consisted of ESG as one of the KPIs and was reviewed on a half-yearly basis. A success metric has been defined and is used for financial returns

The NRC has ensured that the MD & CEO's compensation has a long-term Performance Alignment.

To strengthen controls, in FY23, ESG processes were audited by the internal audit team.

During FY23, the Company has complied with all applicable environmental and social regulations. The Company has not paid any material penalties to the regulators.

FINANCIAL CAPITAL

LTF has a booksize of ₹ 80,893 Cr with retail book at ₹ 61,053 Cr (75% of overall book across various retail products). LTF expects to continue the journey towards retailisation and grow at a CAGR of at least 25% with retail as a percentage of the overall portfolio to be around 90% by FY24, thereby achieving Lakshya 2026 goals ahead of time.

In FY23, your Company saw sustained growth in NIMs + fees on the back of highest annual retail disbursements even in an increasing interest rate environment. The overall yield increased from 12.91% in FY22 to 13.61% in FY23.

The profit before tax (before exceptional items) amounted to ₹ 2,348 Cr for FY23, i.e., an increase of 57% on a y-o-y basis. The profit after tax (after exceptional items) amounted to ₹ 1,623 Cr for FY23 compared to ₹ 1,070 Cr for FY22. The retail PAT contribution was 69% in FY22, which increased to 85% in FY23 in line with retailisation strategy.

The debt/equity ratio for FY23 was 3.86 compared to 4.27 for FY22.

AAA rating
CRISIL, ICRA, CARE, India Ratings

Prudent ALM
Along with Changing Portfolio Mix Towards Retail

Lowest-Ever
Yearly WAC

Leveraged
Priority Sector Loans

FINANCIAL PERFORMANCE

Despite macro challenges, LTF witnessed strong financial performance in FY23. This was primarily driven by your Company's renewed approach towards its strategic objectives and strong business capabilities. Retail disbursements were the highest-ever annual retail disbursements and increased by 69% from ₹ 24,901Cr in FY22 to ₹ 42,065 Cr in FY23. There has been significant growth across all the retail segments.

Despite policy rates having increased by 250 bps, the yearly WAC decreased by 4 bps in FY23. Retail PAT increased by a whopping 87% from ₹ 739 Cr in FY22 to ₹ 1,384 Cr in FY23.

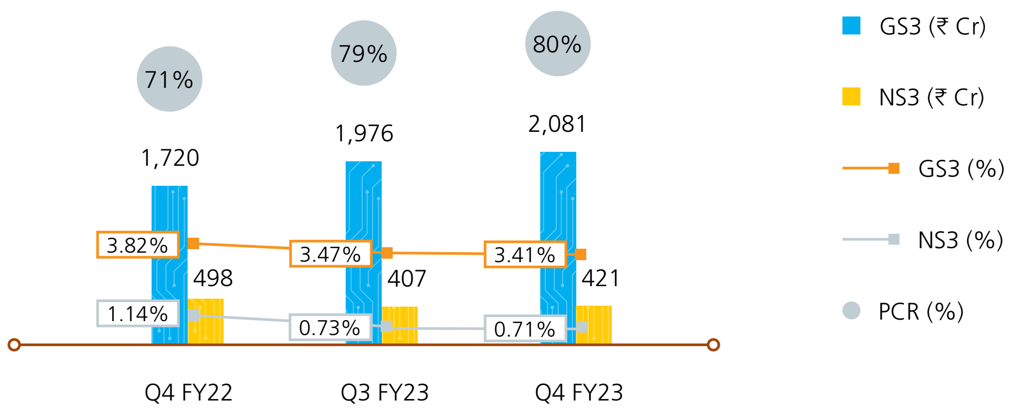
Your Company's retailisation strategy is built on the foundation of its customer-centric approach, enhanced uptake of digital analytics, optimum distribution strategy, revamped product strategy and a strong cross-sell and up-sell franchise.

Rapid strides were made towards the targeted ROA as part of Lakshya 2026 goals. The Retail ROA for Q4 FY23 was 2.95%, closer to the lakshya target of 3%.

	RETAIL ROA QUARTERLY TREND				FY23 RETAIL ROA TREE	FY26 TARGETED ROA TREE
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23		
NIMs + Fees	11.57%	11.33%	11.38%	11.87%	11.54%	11%
Opex	4.30%	4.40%	4.45%	4.49%	4.41%	4%
Credit cost	5.03%	3.46%	3.11%	3.01%	3.59%	3%
RoA	1.60%	2.48%	2.61%	2.95%	2.46%	2.8 - 3%

Asset Quality

0.71% of Retail Net Stage 3 for a company which operates in 50% rural retail market highlights the impeccable Retail Asset Quality.



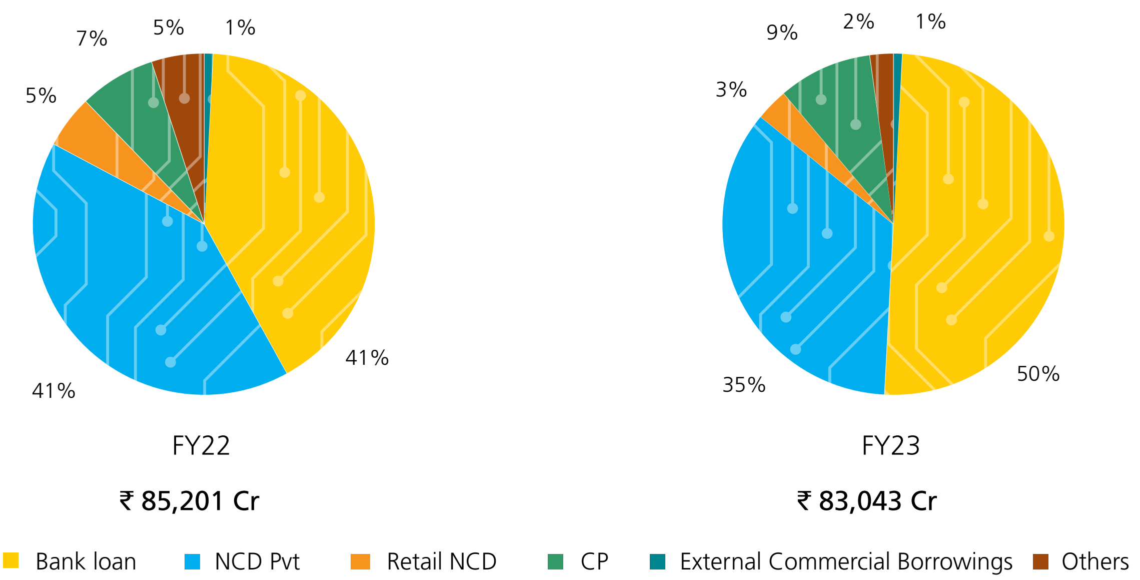
Effective Q1 FY23, Asset Quality numbers are based on EAD (Exposure at Default), past comparative numbers have also been restated from Principal basis for comparison

Your Company carried additional provisions in the retail book of ₹ 1,171 Cr (macro, enhanced and OTR provisions) corresponding to 1.99% of standard book in addition to GS3 provisions and ECL (Expected Credit Loss) on standard assets. Additional one time impact of fair valuation of wholesale book consequent to change in business model was undertaken in FY23 amounting to ₹ 2,687 Cr.

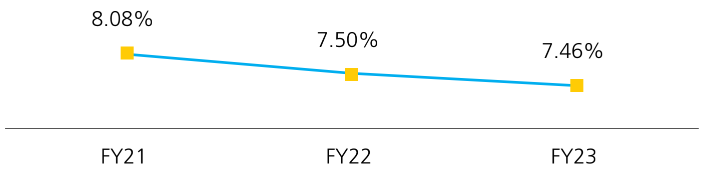
In addition to having a favourable liquidity position, LTF has demonstrated strong resource raising ability and adequate capitalisation. LTF used a prudent ALM and investment strategy and continued to maintain cumulative positive liquidity gaps. LTF maintained adequate liquidity despite large inflows from prepayments and sell-downs in the wholesale book.

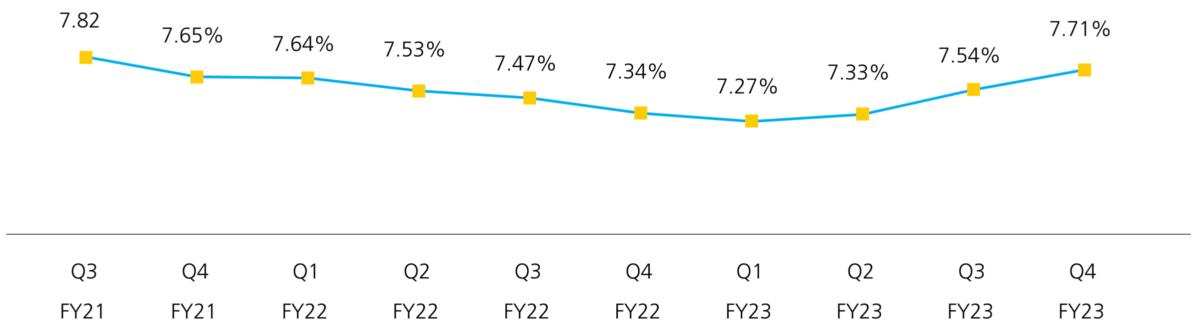
Inspite of the rising interest rate environment, LTF has outperformed due to its astute asset management. Although policy rates increased by 250 bps y-o-y, your Company's WAC reduced by 4 bps.

Diversified Liability Mix

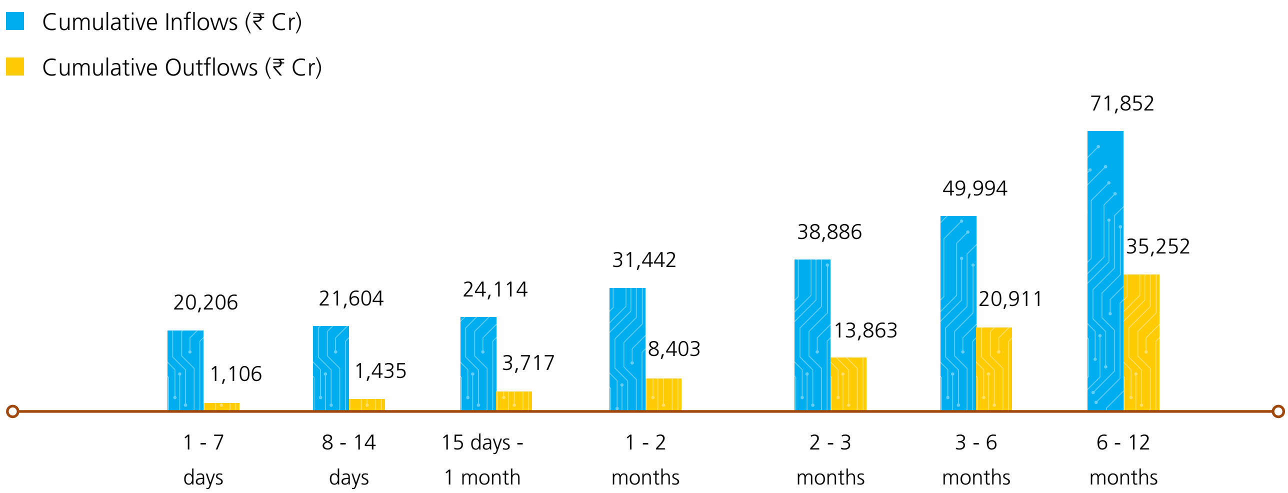


Weighted Average Cost of Borrowing (WAC)





Structural Liquidity Statement



Cumulative Positive Gap	**19,100**	**20,169**	**20,397**	**23,040**	**25,023**	**29,083**	**36,600**
Cumulative	**1728%**	**1405%**	**549%**	**274%**	**181%**	**139%**	**104%**

Interest Rate Sensitivity Statement

1 Year Gap	₹ in Cr
Re-priceable assets	65,836
Re-priceable liabilities	50,813
Positive	15,023

Furthermore, LTF is one amongst the first in the NBFC sector to raise Sustainability Linked Rupee Loan by committing to achieving progress on three important sustainability linked KPIs relating to Water Positivity, Carbon Sequestration and Responsible Lending to women entrepreneurs, especially in underserved communities. This in turn reflects well on future borrowings.

The Company has received highest credit ratings which reflect rating agencies' opinions on the Company's financial strength, operating performance and strategic position.

Credit Ratings — LTFH and its subsidiaries

Ratings Update

- Long-term ratings of LTFH and all its lending subsidiaries have been reaffirmed 'AAA' (Stable Outlook) by all 4 rating agencies:
  - CRISIL: September 2022
  - CARE: September 2022
  - India Ratings: April 2023
  - ICRA: August 2022

Key strengths highlighted by Rating Agencies

- Diversified business mix with strong presence across the financial services space
- Strategic and strong support to financial services business by the parent, L&T Limited (L&T: AAA)
- Strong resource raising ability and adequate capitalisation
- Comfortable liquidity position

CONSOLIDATED STATEMENT OF ECONOMIC VALUE GENERATED AND DISTRIBUTED FOR THE YEAR ENDED MARCH 31, 2023			
Sr. No	**Particulars**	**Year ended March 31, 2023 (₹ in Cr)**	**Year ended March 31, 2022 (₹ in Cr)**
1	**Economic value generated:**		
	(a) Turnover	13,004.50	12,320.38
	(b) Other income	702.70	596.15
	(c) Profit before tax from discontinued operations	2,639.96	-
	Total economic value generated (a+b+c)	**16,347.16**	**12,916.53**
2	**Economic value distributed:**		
	(a) Operating cost	1,354.18	1,108.60
	(b) Employee wages and benefits	1,444.95	1,178.07
	(c) Payments to providers of capital	5,921.16	5,754.17
	(d) Payments to Governments	1,282.82	467.80
	(e) CSR initiatives and donation	22.13	13.52
	Total economic value distributed (a + b + c + d + e)	**10,025.24**	**8,522.16**
3	**Economic value retained (1 - 2)**	**6,321.92**	**4,394.37**

Note:

Numbers are reported as per Indian Accounting Standard

Non-cash items are not considered while calculating economic value retained

Profit before tax from discontinued operation includes gain from sale of subsidiary

SUSTAINABLE FINANCE

The volume of rural credit in India is insufficient to meet the agriculture sector's requirements. In India, the rate of credit penetration is quite low, and nearly 50% of the population has limited or no access to formal credit. Furthermore, approximately only 28% of rural women have access to formal credit. There is a serious lack of knowledge about the available sources of credit.

India's Two-Wheeler industry has been witnessing growth over the last decade, driven by a surge in demand for the same in urban and semi-urban areas. Owning Two-Wheelers is an aspiration for a lot of Indians belonging to rural and semi-urban sections as it not only leads to enhanced mobility but also paves the way for improved livelihoods. It has a catalysing effect on the productivity of people by helping them to save time and energy to perform their tasks. The Indian Two-Wheeler industry has a market value of ₹ 89,000 Cr - Industry Point of Sale (January 23) and is expected to grow to ~18% y-o-y by 2026.

One of the biggest challenges for SMEs in India is access to finance. Many SMEs struggle to secure bank loans and other forms of financing due to lack of collateral and a good credit history.

The aforementioned issues, call for financially inclusive actions and a focused approach to bridge the economic divide between rural and urban India. With the objective of financial inclusion, LTF aspires to develop and offer products that directly address the existing credit issues faced by the population's underserved and marginalised sections. It endeavours to reach the marginalised and vulnerable sections by providing last-mile access to finance.

60.09 lakhs+
Women Beneficiaries Received Rural Group Loans & Micro Finance

6.57 lakhs+
NTC Customers in Rural Group Loans & Micro Finance

23,539
Electric Vehicles Financed

Last mile credit to the marginalised sections of society

Supporting EV financing and few RE Projects

Retailisation and prudential capital allocation

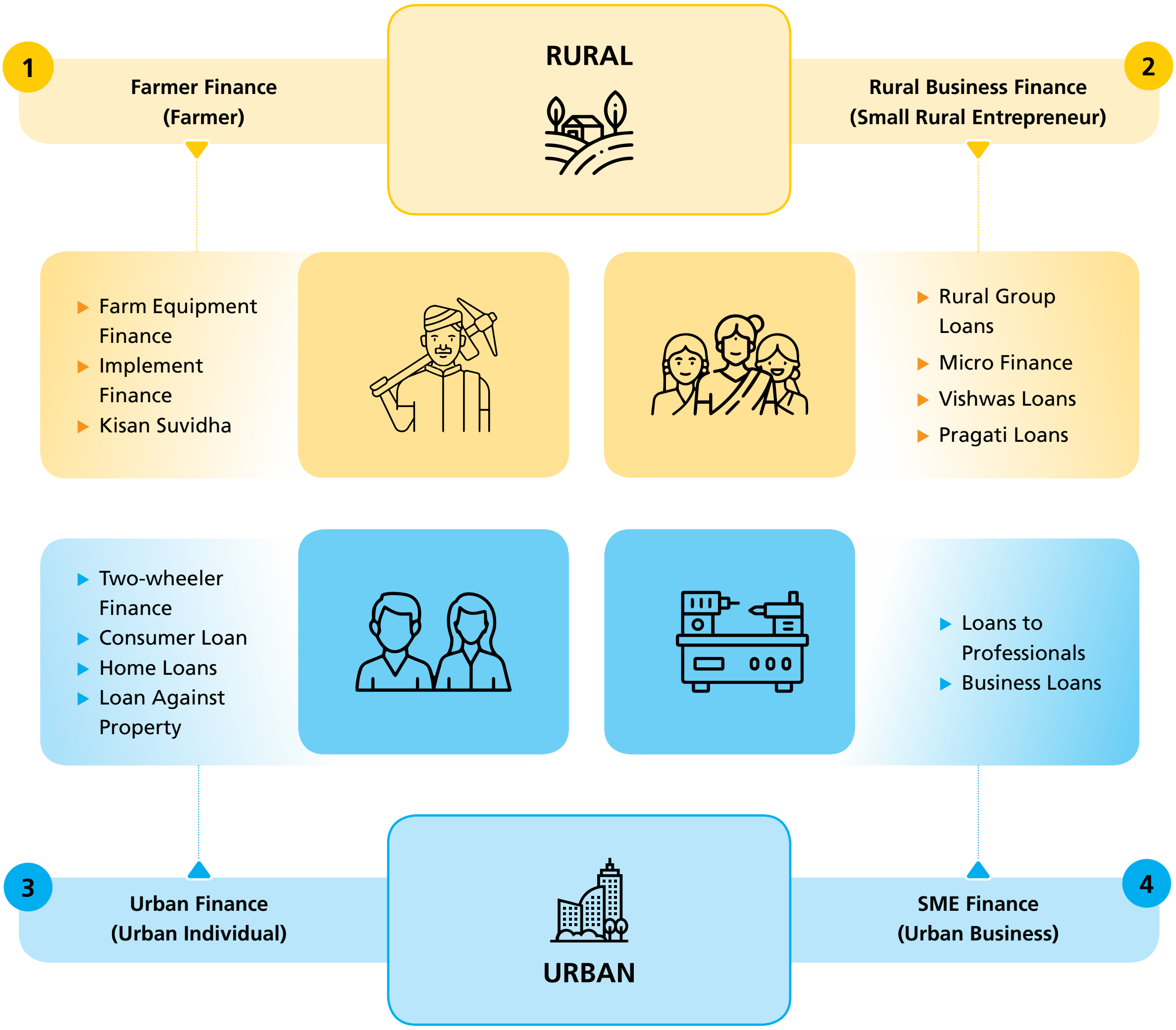
Farmer Finance and Rural Group Loans & Micro Finance for fostering enhanced productivity and greater income generating capacity

LTF through the Lakshya 2026 strategy integrated the tenets of sustainable finance with the larger objective of fostering financial inclusion through its product offerings. It has focused on developing these offerings for both its urban and rural customers. In FY23, rural livelihood financing comprised 51.2% of LTF's loan book. As for the customer base, your Company supports those with repeat loans based on need and repayment capacity. LTF plans on leveraging technology to continue building on its rural franchise and establishing its urban franchise through cross-selling and up-selling.

As a part of its sustainable finance strategy, LTF focuses on extending financial assistance to priority sectors such as agriculture, agri-allied services and SMEs to serve the unbanked and marginalised population and ensure availability of credit which will aid economic growth. Rural Group Loans & Micro Finance are provided to women who undertake agriculture and allied activities, manufacturing, trading or services related to micro-enterprise. The access and availability of credit fast tracks the establishment and growth of micro-enterprise and enhances not only the income earning ability of the women in rural areas but also promotes financial well-being of the household.

Products

While keeping LTF's customers at the core of its operations, your Company has launched products and services that cater to a varied customer base and also promote various E, S, and G themes. The customers that LTF focuses on include small rural entrepreneurs, farmers, urban individuals and urban businesses. The products offered by LTF are categorised into rural and urban financing.



Existing offerings in LTF's product portfolio consist of Rural Group Loans & Micro Finance, Vishwas and Pragati Loans, Tractor Loans, and Warehouse Receipt Finance within the rural financing segment while urban financing comprises Two-Wheeler Finance, Consumer Loans, Home Loans, LAP, loans to professionals, and Business Loans. LTF is expected to launch products in the near future, considering the varying needs of rural and urban consumers in line with moving from 'product-focused' to 'customer-foucesd' approach. For instance, the Warehouse Receipt Finance product focuses on the post-harvest stage of agricultural produce, wherein farmers are encouraged to store their produce in professionally managed warehouses to minimise wastage. The stored agro-produce can be used as collateral for farmers to secure loans from LTF.

LTF strives to continue extending credit for projects with a positive environmental and social impact. LTF integrates ESG criteria in its lending decisions and is committed to driving ESG based financing going forward. It recognises the pivotal role of finance in restructuring and managing the transition to a low-carbon world. Your Company has been creating an impact through its sustainable finance initiatives. Your Company's rural loan book (Rural Business Finance + Farmer Finance) from low-income states as on March 31, 2023 stood at ₹ 15,526 Cr.

LTF has also been promoting sustainable transport and EV financing with the dual objective of benefitting the environment and supporting livelihood of youth in semi urban areas. In FY23, your Company financed 23,539 EVs. Through its Urban products like Loans to Professionals, Business Loans (SME loans), Two-Wheeler Finance & Loan Against Property, your Company provides access to finance for business and growth opportunities. With the objective to enhance the livelihoods of the masses in rural areas, your Company offers Farm Equipment Finance and Rural Group Loans & Micro Finance (for women entrepreneurs). Through the rural finance portfolio, LTF focuses on contributing to financial inclusion and bringing the marginalised populace within the formal credit system, thus promoting entrepreneurship and enhancing income-generation capability.

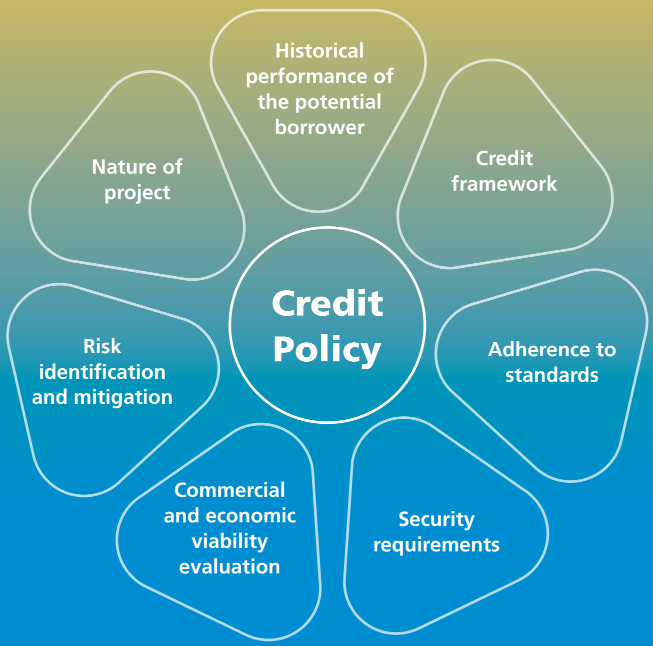
Environmental Parameters considered during Loan Appraisal

- Floods or high rainfall
- Earthquakes & seismic zones
- Droughts
- Cyclones
- Extreme climatic conditions

Your Company's services and products have been powering the 'India growth story' through financial inclusion and its emphasis on inclusive growth and development, with a focus on women empowerment and representation to boost socio-economic development and the achievement of SDGs. From the social impact perspective, LTF provides finance through Rural Group Loans & Micro Finance, Two-Wheeler Finance, SME and Farmer Finance to those sections of society that require financial assistance for enhanced productivity and economic progress. LTF services 40+ aspirational districts of India.

Credit Policy

LTF's comprehensive credit policy sets out the broad framework for providing credit to its customers. It aligns with the industry's statutory guidelines and prudent lending practices. The credit policy is applicable to all business products of your Company. It also has a scorecard-based decision model asides the conventional underwriting methodology wherein the pertinent parameters are suitably deliberated and considered based on historical experience and the dynamic environment. The portfolio underwritten is closely monitored and the policy parameters including the scorecard variables are adequately modified based on the portfolio performance.



Some key factors considered for large ticket corporate and project loans include the nature of the project and concession structure, commercial and economic viability evaluation, risk identification and mitigation, adherence to standards, credit framework or guidelines, security requirements including adequacy and enforceability, among others.

For refinancing requirements, LTF considers factors such as credit rating, operating, and financial performance, the status of the account with existing banks/financial institutions, and outstanding amount (including accrued interest/charges), among others, as part of the credit appraisal process.

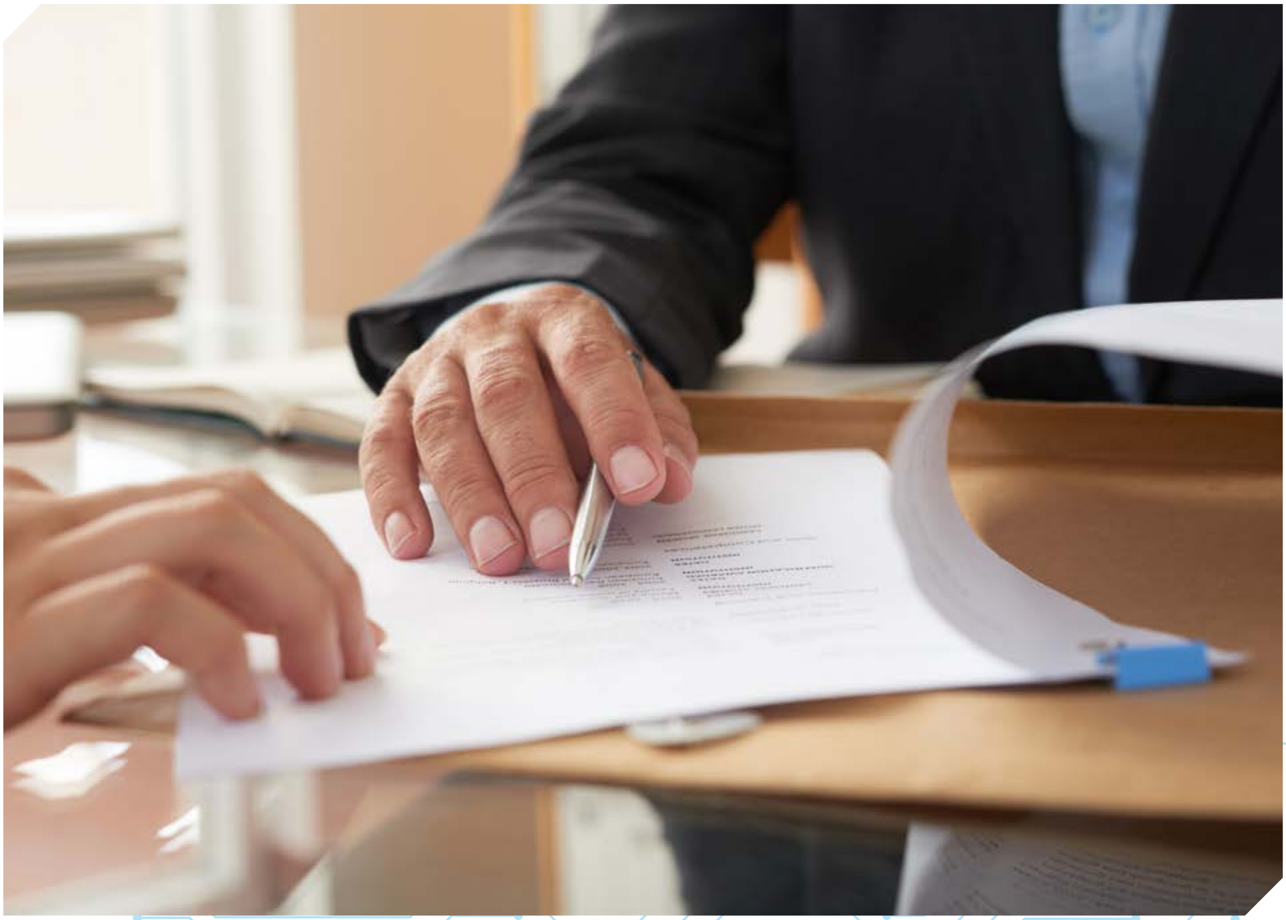
Relevant delegation holders approve the Credit Proposals in line with the Credit Delegation Matrix approved by the Board. All proposal approvals are valid for one year from the date of approval or the date mentioned in the approval or the specified product note, whichever is earlier.

In FY23, LTF adopted a renewed approach towards infrastructure financing, initially focusing on a capital-light asset model of investment and thereafter implementing accelerated sell-down of the portfolio.

Your Company is required to comply with the Board approved exclusion list in its lending decisions.

Exclusion List:

- Forced labour or exploitative forms of child labour
- Trade in wildlife/wildlife products
- Gambling, casinos and equivalent enterprises
- Production or trade of weapons and ammunition
- Production or trade of wood, tobacco & forestry products which are prohibited under Indian laws
- Production or trade of hazardous substances/chemicals and banned pharmaceuticals prohibited under Indian laws
- Financing of mining
- Financing of thermal projects



LTF's Approach for Raising Credit Lines

As a part of its sustainable finance strategy, LTF focuses on extending financial assistance to priority sectors such as agriculture, agri-allied services and SMEs to serve the unbanked and marginalised population. Your Company identifies and seeks funding from international lenders that best meet the said requirements.

Mobilising funds for sustainable investments calls for tapping into appropriate funding platforms and lenders. In FY23, LTF raised a total of ₹ 585 Cr from banks and financial institutions, including CTBC Bank, MUFG Bank, and Standard Chartered, through their Sustainability Linked Loans and long-term loans under priority sector lending offerings. These loans were then further disbursed by LTF for the purpose of agriculture and allied activities like tractor funding.

LTF focuses on identifying lenders and organisations extending sustainability-focused funds. Relevant KPI and progressive ESG targets are identified and committed by LTF as part of funding secured from the lending agencies. One such instance is that of Sustainability Linked Loans (SLL) secured by LTF from CTBC Bank, wherein your Company has committed to achieve targets and has exceeded expectations.

In FY23, LTF mobilised funding from Standard Chartered Bank, Mitsubishi UFG Bank and CTBC Bank Taiwan.

MUFG	₹ 175 Cr
CTBC	₹ 50 Cr
Standard Chartered	₹ 360 Cr

Sequestered/Offset 547 tCO_2e annually in FY23 through plantations

13 CLIMATE ACTION

Became Water Positive in FY23 through replenishing 280.66 lakhs KL of water against 2.51 lakhs KL of water consumed in operations

6 CLEAN WATER AND SANITATION

Increased the number of women micro loan borrowers to 60.09 lakhs, in FY23

5 GENDER EQUALITY

For securing funding, LTF adopts sustainability targets, puts in action plans to achieve the targets and these are measured at the end of the financial year. LTF publicly discloses the performance/achievement status of the same. If the target is achieved, then upon detailed evaluation, and as per the contract, the lender reduces the interest rate.

The social loan was utilised to fund financing of tractors by 6,701 farmers in FY23. LTF progressively utilises the priority sector lending mandate to facilitate social equity. In FY 23 your Company secured a PSL loan of ₹ 8,758 Cr.

For all its financing activities that are funded through the proceeds from AIIB and IFC, the due diligence process ensures that the funding thus obtained is directed into investments that leave an ESG impact. The objective is to ensure compliance with applicable EHS norms and applicable social standards, laws, and regulations and ratified international conventions.

Identify Lenders
Identification of lenders offering Sustainability Linked Loans (SLL)

Due Diligence
To ensure that LTF supports projects/ investments with an ESG impact

Target Setting
Setting targets and KPIs to monitor performance

Securing Funds
Availing the credit facility and obtaining funds from the lender

Periodical Review
Periodical reviews to evaluate the impact being created by the investments

There are periodical reviews conducted during the entire loan tenure. Factors considered for projects financed by AIIB and IFC:

Environmental Health & Safety (EHS): LTF gives greater preference to institutions/organisations (borrowers) that have established and implemented formal EHS frameworks in their systems.

Hazardous Waste Management: LTF and its borrowers have agreed to allocate a dedicated area for storing hazardous waste, which shall be demarcated and maintained at the project site. Any other measures in waste management are to be undertaken by authorised agencies keeping in view statutory requirements.

Engagement of Women Contractors: LTF and its borrowers have decided to take a gender-inclusive approach and give preference to engaging women contractors, wherever feasible.

MANUFACTURED AND INTELLECTUAL CAPITAL

LTF extends financial solutions to the rural segments and caters to the diverse financial needs of its customers. As a part of its manufactured capital, LTF seeks to broaden its customer reach to rural and underserved areas. To attain this, LTF is deploying new initiatives and introducing new products to its product portfolio. As part of the intellectual capital, LTF strives to improve customer experience through innovative product offerings supported by digitalisation, data analytics and better risk mitigation. LTF also endeavours to build a high-quality portfolio and resilient business model while simultaneously establishing a large customer base.

Your Company has recalibrated product growth strategy, encircling the customer through customised retail products.

PRODUCT DEVELOPMENT

LTF is a prominent provider of financial solutions in India, catering to the diverse financial needs of its customers. In 2016, LTF launched LTFS 2.0, aimed at transforming your Company by focusing on the 'Right Business', 'Right Structure', and 'Right People' pillars. Your Company has, since, established a 'Right to Win' across four businesses. The Company's lending businesses include Rural Business Finance, Farmer Finance, Urban Finance & SME Finance. LTF's use of digital and data analytics has helped it gain a competitive advantage over the last few years.

Farmer Finance is mainly aimed at financing agricultural operations and meeting the credit requirements of farmers. Rural Business Finance offers a range of loan products and services to help rural businesses especially women entrepreneurs grow and prosper. The SME business works towards addressing the working capital needs of self-employed professionals and businesses. Through its Two-Wheeler Finance, LTF provides mobility solutions that also help for income generation activities.

Way Forward in Product Portfolio

LTF focuses on bigger and better innovations. Your Company's technology platforms are delivering faster, more sustainable and stronger products and solutions for its customers. LTF is consistently innovating and working on process and product innovations. LTF is working on the following pillars for creating a sustained growth and profitable engine.

Your Company's digital transformation initiatives have enhanced its capability to monetise data, thereby enabling LTF to provide a wider variety of personalised loans such as Consumer Loans, Vishwas/Pragati Loans, and Kisan Suvidha Loans to its existing clientele.Your Company's product penetration per customer increased to 4 in FY23.

In FY23, LTF concentrated on sustainable and rapid retailisation, increasing its retail book share to 75%. Your Company also maintained its market share across its businesses while gaining a higher market share in Two-Wheeler Finance and Farm Equipment Finance. The focus on new products is expected to drive retailisation.

The Company has introduced a new concept of perpetual group for its Micro Finance business, which enables credit-approved customers to be added to another credit-approved group, reducing waiting times and providing better services with lower turnaround time and reduced operational costs. Additionally, your Company is launching Rural LAP, which will offer higher loan amounts to customers with excellent repayment track records, providing greater financial stability and enabling them to engage with a wider set of buyers. Your Company is also developing Business Loans to cater to the working capital requirements of small-scale businesses, initially targeting male members of households of the current customer base.

LTF has introduced Warehouse Receipt Financing (WRF), a first-of-its-kind, to transform the loan facility journey against agri-commodities digitally. With loan applications being sanctioned within 24 hours, this facility will offer quick disbursement and seamless release of commodities for agri-customers. WRF will provide its customers quick disbursement and flexible repayment with no foreclosure charges. This facility can be availed currently by farmers, traders and processors of four states, namely Maharashtra, Madhya Pradesh, Rajasthan and Gujarat. The enriched paperless experience promises to streamline the financing process and give a much-needed boost to the agricultural sector in India.

Strengthening Capabilities to Support Product Innovation

For creating a Fintech@Scale, your Company is building its foundation on product leadership and process excellence. While LTF is already a leading player in Farmer Finance, Rural Business and Micro Finance and Two-Wheeler Finance, it is aggressively moving towards capturing a significant market share in the Home Loans, SME Loans and Consumer Loans business. It is building its customer journey through advanced underwriting, disbursement, collection efficiency, and servicing. LTF employs the right mix of digital, assisted and manual means in underwriting, disbursement, collection, and servicing. As part of customer retention, your Company is strengthening its capabilities in cross-selling and extending repeat loans to existing/regular customers.

As part of the customer engagement process, LTF strives to build an omni-channel customer ecosystem; one that includes a seamless customer engagement platform and a system of identifying precise customer expectations/needs. Moreover, digital analytics plays a pivotal role in driving the digital customer journey. In each business segment, LTF has successfully embedded data analytics in sourcing, underwriting and collections. While your Company is making strides in digitising the process followed in its urban and rural finance business, the Farmer Finance segment is an end-to-end digital and paperless journey. This underscores the organisation's firm resolve to emerge as Fintech@Scale.

Sourcing Franchise

- ✓ 27,506 employees, 1,862 branches
- ✓ 2,500+ Dealer Partnerships (Farm Equipment Finance)
- ✓ 5,500+ Dealer Partnerships (Two-Wheeler Finance)
- ✓ 500+ Channel Partnerships (Home Loans/LAP)
- ✓ PLANET app (pre-approved), call centers, E-Aggregator

Servicing Franchise

Autonomous Channels	Assisted Channels
✓ SHO portal	✓ Branches
✓ Chatbot	✓ Cell centre
✓ WhatsApp	✓ Employees/ agencies
✓ PLANET app	

LTF is committed to adding value to customer engagement via rendering seamless and efficient customer experience. Going further, LTF has been working relentlessly towards strengthening its sourcing franchise by expanding its geographical footprint and its servicing franchise by increasing autonomous and assisted channels. The autonomous channels include SHO portal, the PLANET app, WhatsApp and Chatbot, while the assisted channels cover branches, call centres and employees. Furthermore, by expanding its pan India footprint, LTF is enhancing its reach to a larger customer base. There is also a better direct autonomous connect that LTF has with its customers. By developing and deepening the customer connect, LTF is also building its ability to manage potential risks during the product life cycle.

LTF has developed self-service platforms using automated channels to improve customer interactions. These platforms include the PLANET app, which offers a comprehensive solution for sourcing, servicing, and collections. Additionally, user-friendly Chatbot and WhatsApp platforms are available 24/7, allowing customers to access services easily.

DIGITAL & IT

The Lakshya 2026 strategy of the Company is to aspire, to become a digitally enabled Retail Finance company by 2026. LTF is accredited for its industry-best TAT, bias-free credit decision-making, ease of doing business and strong collections owing to its digital onboarding solutions, online verification processes, automated and analytics-driven underwriting, independent risk containment mechanisms, omnichannel servicing and UPI-enabled collections. This is supported by its stable and secure cloud infrastructure.

Further, in the journey towards becoming increasingly customer-centric, LTF has also enabled servicing through WhatsApp and has launched the PLANET app to facilitate autonomous journeys and build customer communities.

Digitalisation has become a critical element of business strategy in today's evolving and competitive market. LTF is moving from a product-centric approach to a customer-centric approach. Therefore, it is essential to incorporate digitalisation into its processes. Your Company has incorporated a number of new initiatives through its digitalisation realm in FY23 to bring about a transformation in the manner it conducts its business and operations.

At the same time, your Company is steadily transforming into a digitised organisation by translating data into a digital format. For example, consumer loans are a digitally native product for LTF wherein the entire process has been digitised. If a customer wants a Consumer Loan, then he/she will have to initiate the process themselves. The journey can be done through the PLANET app or the URL available on the website. Simultaneously, LTF is also expanding its growth by focusing on digitalisation, integrating analytical inputs, fintech, and changing processes in the organisation. LTF is integrating digital technologies into various aspects of its business operations such as sourcing, decision-making, monitoring and customer service. By doing this, your Company can improve operational efficiency, reduce costs and enhance customer experience.

Paperless Journey at LTF

LTF is embarking on a paperless journey by taking advantage of digital. LTF has adopted a host of measures to ensure that all manual paper processing is converted to digital processing.

Your Company is actively involved in developing advanced digital workflows. To illustrate, LTF has collaborated with several partners to eliminate the need for physical documentation by making the lending process 100% paperless, thereby reducing risks across all domains. These partnerships include e-document templating for loan and Credit Life Insurance (CLI) agreements, online document signing, e-stamping of agreements, as well as conducting checks on PAN, Goods And Services Tax Identification Number (GSTIN), employment details, phone numbers, Optical Character Recognition, and KYC verification among others.

Your Company has also implemented intelligent document processing and data fetching to ensure that manual data entry is kept to a minimum. Furthermore, through the introduction of e-sign and e-stamp, LTF has reduced paper consumption and the additional effort required to collect and store physical agreements.

Focus Areas of Digital & IT

- Customer Service
- Collection Mechanism
- Evaluation and Fulfilment
- Risk Mitigation
- Customer Identification and Application
- Data Intelligence for Monitoring
- Resilient and Secure IT Architecture

As per the Lakshya 2026 goal, analytics is a key pillar in the strategy to aim, innovate and create. The use of data analytics, automation, and digital platforms can enable LTF to make better and faster decisions, increase transparency, and provide real-time insights to users. LTF has been taking the necessary steps to develop its digital and data analytics capabilities.

Customer-centric approach supported through Digital and Data Analytics

UnderWriting

- Scorecard
- Algorithm

Disbursement

- E-sign
- E-stamp
- E-mandate
- E-doc

Collection

- E-NACH
- UPI
- PROs
- App
- Banking
- Call Centre

Servicing

- SHO
- Chatbot
- Branches
- WhatsApp
- Call Centre
- PLANET App

Customer Service

LTF has been striving to help customers obtain services in a seamless and convenient manner. For this, it has created a customer data mart that provides a comprehensive 360-degree view of customers, which has significantly boosted your customer servicing capacity.

Your Company has established an omni-channel connection that facilitates personalised and interactive service for customers. In addition to directly connecting with customers, the Company offers 24/7 self-help options through the website, PLANET app, chatbot, IVR, and WhatsApp, which in turn reduce customers' dependency on branches and call centres. LTF has successfully reversed the funnel by providing user-friendly and need-based alternatives, with 42% of interactions coming from self-service channels.

- Implemented a customer data mart to provide a 360-degree view of customers
- Established an omni-channel connect
- Introduced 24/7 self-help options like a website, PLANET app, chatbot, IVR, and WhatsApp

Case Study

PLANET App

LTF had been providing offline customer service channels, where digital servicing options were not available. Digital servicing enables customer convenience and ease. LTF required customer acquisition from a competitive market in order to further grow the business. Furthermore, the offline mode of loan application did not allow customers to approach your Company at their convenience.

Today, it is apparent that customers are increasingly technology savvy and prefer to connect with an organisation through the web or an application. The online platform is rapidly changing, and customers want to be well connected to the organisation through online servicing. In FY23, LTF launched the PLANET app, which caters to customer needs by offering personalised offers as a one-stop solution for customers to initiate the entire loan process online. In fact the name of the app i.e.; Personalised Lending & Assisted Networks was a suggestion by an LTF employee, which highlights the inclusive manner in which your Company operates. Your Company had run a contest inviting suggested names for the app and the final name was shortlisted. The name captures the intent of the Company in two ways - digital transformation for lending and also the sustainability aspect. The app is a cutting-edge platform for accessing loans, providing convenience and accessibility to customers. Moreover, the app enables LTF to track and monitor the loan process.

With the launch of the PLANET app, the Consumer Loan disbursement process has become easier as now it requires minimal documentation, faster approval and turnaround time. In seven minutes, the entire loan disbursement is achieved. On the PLANET app, the Two-Wheeler business has a user-friendly digital interface with built-in technology for loan application wherein the entire disbursement process takes only five minutes. The app provides a secure and convenient payment option for users to easily make loan payments via UPI, debit card, net banking, and wallet, among others.

The app provides several features that can be useful for customers, some of which are stated below:

PLANET app has more features which are currently in the pipeline. For example, the rewards and referrals and utility payments are currently in progress and will be updated on the app shortly.

The app offers personalised services such as Mandi Price for farm customers. This service helps farmers stay informed about different agricultural products' prices and decide when to sell their crops. The app also has the option to check credit scores which can be beneficial for users to understand their credit standing and actively take steps to improve it. Moreover, the app offers a wellness insurance plan for users to safeguard their families. Through this option, the app aims to provide a comprehensive financial management solution for its users and help them take steps to safeguard their health and financial well-being.

The interface of PLANET app incorporates an easy flow of steps. There are several features and processes that have been implemented to reduce the disbursement TAT. The app allows customers to set up an e-mandate through the app. Doing so streamlines the loan repayment process and reduces the risk of missed payments and expenses of additional late fees. Additionally, there is a Quick Pay service to pay EMI on time by various modes of payment options with instant receipts, further enhancing its trustworthiness. The App has background quality checks to ensure that users who apply for loans are creditworthy and less likely to default. This helps to improve quality checks and reduce the risk of loan defaults.

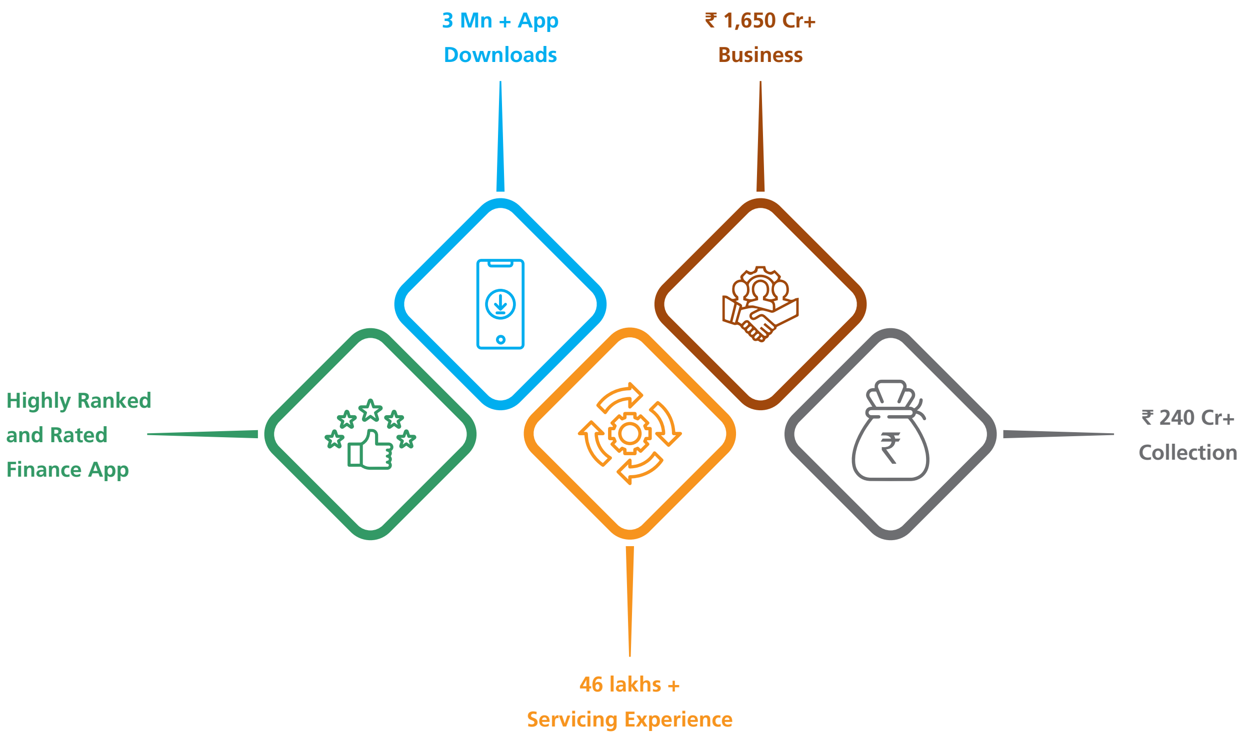
The microservice architecture enables every feature to function as an independent block communicating via language-independent APIs. This allows LTF to update a particular part of the application without concerns about the dependencies on other features. It also facilitates building and sustaining an external ecosystem. LTF has hosted the application over Google Cloud (GCP) with Google Kubernetes Engine (GKE) supporting the containers to make up for the workload and for near-zero downtime.

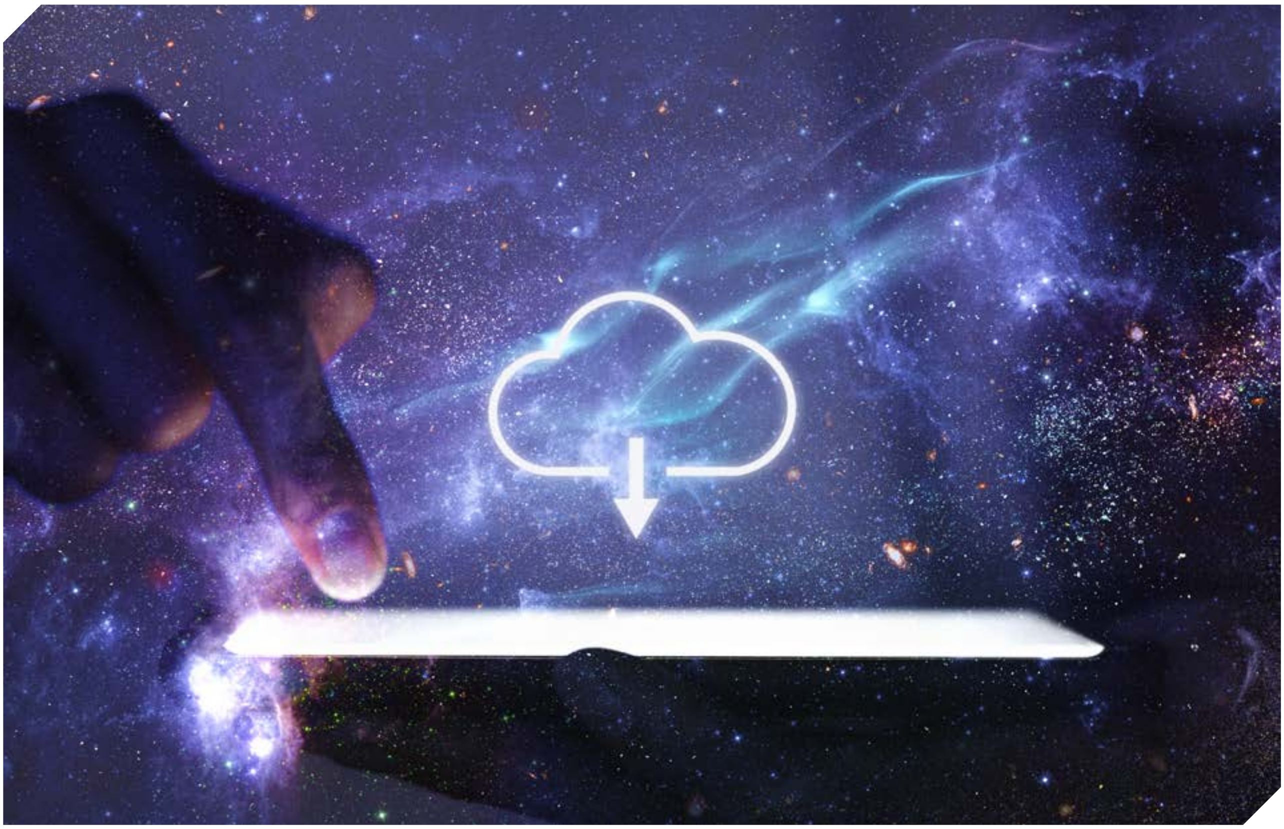
Various innovations have been used in the development of the App, for example:

- Modularise development with granular level fully functional and customisable building blocks/micro-apps to reduce time to market
- Drag-and-drop digital components built to instantly build different UI and UX flows
- Fast tracking of app development with a built-in reusable collection of templates, widgets, among others
- Quickly bind services to UI with newly developed visual data binding capabilities
- Deliver consistent and unified omni-channel user experiences

The PLANET app is considered a strategic step in the Lakshya 2026 plan. LTF's objective is to provide a seamless customer experience while helping the organisation scale its business digitally. Moreover, it intends to reduce collection costs and drive digital servicing. Keeping in mind both urban and rural customers of the Company, the PLANET app is available in 12 Indian regional languages which include Hindi, English, Bengali, Kannada, Malayalam, Tamil, Telugu, Marathi, Odisha, Assamese, Punjabi, and Gujarati. The App serves as a geo-agnostic sourcing and servicing channel and has generated business of over ₹ 1,650 Cr (including website), and collections of over ₹ 240 Cr and is servicing more than 46 lakhs+ requests.

Lastly, the App has enabled customers to avoid visiting physical branches or call centres for service-related queries. The key features are available on the App, eliminating the need for customers to visit a physical branch or call the call centre to obtain the documents / information stated above. This has improved the customer experience and made it more convenient for customers to access loan information and support.


3 Mn + App Downloads
₹ 1,650 Cr+ Business
Highly Ranked and Rated Finance App
₹ 240 Cr+ Collection
46 lakhs + Servicing Experience



Customer Identification and Application

A significant aspect of going paperless has been in the customer identification and application process at LTF. Your Company has also been using digitalisation in the customer identification and verification journey.

Identification of Potential Customers

The Company has been utilising digitalisation to:

- Identify potential customers by leveraging next-generation technology driven by AI fintech experts
- Gain a better understanding of the borrowing history and repayment capabilities of potential customers before lending

This has led to the identification of creditworthy customers and enabled your Company to make better credit decisions.

Verification of Customers

LTF has incorporated Digital KYC to directly verify the identity of customers with the Unique Identification Authority of India (UIDAI) portal and Digilocker. This implementation has led to a reduction in errors and an overall improvement in the customer experience.

Optimising Data Entry Processes

Manual data entry is a process that is not only time consuming, but also expensive and prone to errors. To eliminate the need for manual data entry, your Company has taken multiple steps.

- After conducting thorough reviews, irrelevant questions are removed, resulting in a reduction of data entry fields.
- Additionally, dropdowns and multiple-choice questions are added to forms to minimise typing efforts.

Collection Mechanism

The increasing adoption of digital payment methods reflects a clear shift in customer behaviour. To align with these expectations, LTF has partnered with multiple payment aggregators to offer a variety of digital repayment options. These include E-mandate/E-NACH, payment gateway, net banking National Electronic Funds Transfer (NEFT) and Immediate Payment Service (IMPS), UPI payments, wallets, debit cards, payment partners, and the D2C app. The Company includes a digital payment link to make online payments easier in the reminder messages sent to customers. LTF has also introduced a 'Quick Pay' option on its official website, allowing customers to make payments quickly through any mode. This provides customers with an additional option and offers a range of payment options. By promoting different payment modes, LTF has reduced cash collection, eliminated collection costs, and improved customer experience.

Data Intelligence for Monitoring

Your Company has developed and launched a self-service business intelligence application that aims to democratise enterprise data and provide real-time insights to all users at their convenience. The conventional tabular reports have been substituted with a user-friendly push-based mobile application that addresses the limitations of the current platform and offers numerous benefits like self-service Business Intelligence (BI), Visual Analytics, Data Storytelling, Natural Language Query (NLQ), and so on. The implementation of this initiative has resulted in improved, faster, and more relevant decision-making.

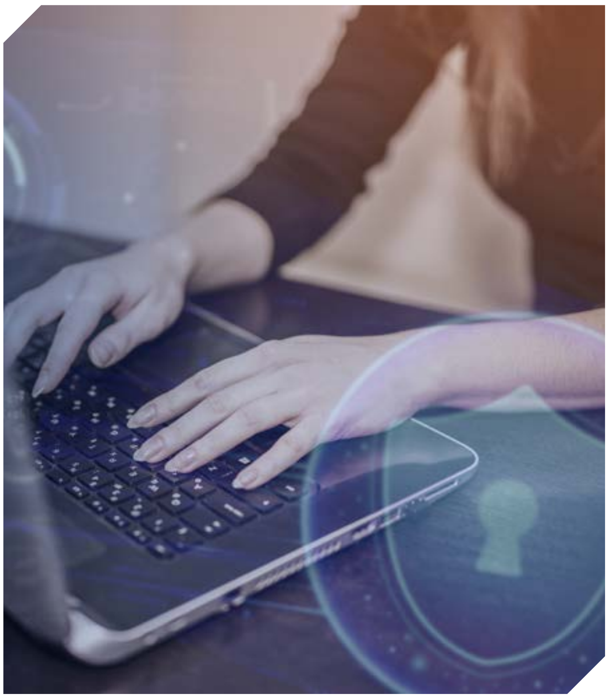
Evaluation and Fulfillment

LTF has developed a robust algorithmic platform based on data analytics for business evaluation purposes, drawing on past experiences. The platform utilises data analytics to verify customer information such as demography, credit history, credit bureau output, and asset selection. This approach has allowed your Company to evaluate borrowers' eligibility more accurately and make prudent lending decisions.

Your Company has shifted from manual, time-consuming, rule-based underwriting processes to digital technology-powered processes that provide instant, real-time approvals. The implementation of straight-through processing has resulted in greater efficiencies and an improved customer experience. Analytics-driven underwriting has eliminated bias in credit decision-making, and your Company's digitalisation efforts have resulted in LTF achieving industry-best turnaround times, making it a preferred lender for both customers and dealers.

Resilient and Secure IT Architecture

Your Company has transitioned to an optimised cloud-native architecture after embarking on its paperless journey. LTF's IT infrastructure is equipped to accommodate new digital solutions without any concerns regarding technology integration, performance, or security. This has been characterised by the migration from a two-tier (application and database) to a three-tier (application, database, and web) system with updated versions, system re-architecture and optimisation, performance enhancement measures, and secure migration. Additionally, LTF has established a disaster recovery data centre on the Google Cloud Platform.



Risk Mitigation

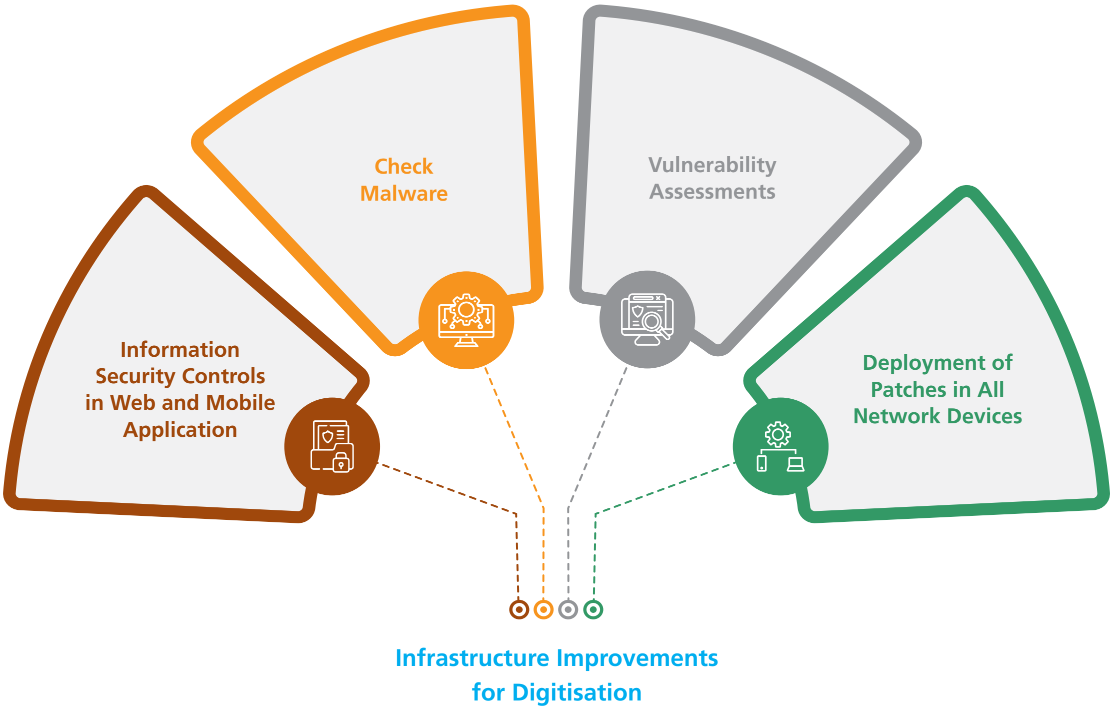
Your Company's comprehensive digitalisation initiatives, covering sourcing, credit decisions, and monitoring, have effectively reduced risks, particularly in collections. The focus has been on targeting the right customers at the right time and channels for payment collection. Your Company has developed customised strategies for each collection bucket (X, 1-30, 30-60, 60-90, and 90+), segmented data monthly, and developed models to forecast payment propensity, roll forward, roll back, or stabilise. By utilising these models, the Company prioritises collection efforts and overlays customer-level dominant timing and channel behaviour of recent payments to determine the appropriate time and channel to contact the customer.

Your Company has also been continuously improving its security posture by utilising the latest security tools and techniques. In FY22, your Company obtained ISO 27001 certification by passing the technical assessment of 14 security domains and 114 controls. This achievement is a result of your Company's consistent focus on structured processes, controls, policies, and procedures on information security. This has further increased the trust and confidence of LTF's customers and partners.

Your Company successfully completed the process towards achieving ISO 20000 2018; Information technology- service management system in FY23 and received the certification in May 2023.

Strengthening the IT Infrastructure to Support Digitalisation

For employing data analytics as part of an efficient customer engagement journey, LTF has been taking measures to strengthen its existing processes. This calls for strengthening its IT systems and identifying potential threats that could adversely impact critical applications, systems and network devices. LTF takes the necessary steps to capture vulnerabilities in the systems and addresses the same in a timely manner. The respective departments deploy information security controls when developing and maintaining web applications, mobile applications, and APIs as appropriate.



The information involved in application services transactions is protected to prevent incomplete transmission, misrouting, unauthorised disclosure, unauthorised message alteration, unauthorised message duplication, or replay. LTF ensures that the development environment of systems and applications remains secure through well-defined access controls for various stakeholders.

Moreover, as part of endpoint management, LTF deploys patches to all network devices via the central management system. Information systems are monitored continuously to identify malicious code or patterns and the necessary preventive actions are taken immediately. Malware such as viruses, spyware, ransomware, worms, Trojan horses, malicious codes, adware, harmful mobile code, zero-day vulnerabilities, and other threats in interconnected environments are monitored, prevented, detected, and removed from the information systems.

As an organisation that handles and manages sensitive customer information and data, LTF considers it an utmost priority to deploy systems that ensure safe and effective management of such information. Additionally, your Company focuses on innovative technologies and tools that help enhance the overall customer experience while easing the business process. As part of intellectual capital, LTF prides itself on its competitive advantage in areas of process knowledge and technical expertise. LTF has a customer base of over 2 Cr across 21 states. As a result, the Company must institutionalise digitalised processes in its environment to ease customer engagement, optimise cost, product development, risk management, workflow management and customer engagement.

Information Security

LTF understands the importance of deploying effective and resilient IT systems and processes. In addition to the seamless flow of operations, it ensures better control of organisational processes and performance. LTF is cognizant of the potential reputational damage and economic risks arising from mismanaged IT infrastructure and systems. Your Company has established a comprehensive framework to address these concerns, including a Board-level IT Strategy Committee. This Committee is chaired by an Independent Director. This Committee is responsible for approving LTF's IT strategy and implementing effective IT governance and risk management mechanisms.

Your Company has implemented several measures to ensure the security of its IT infrastructure and systems. It has developed a data classification solution to ensure all files are classified according to the defined policy. Additionally, LTF has implemented a data leakage prevention (DLP) solution on endpoints and email gateways to monitor and block the leakage of sensitive information.

LTF has developed a comprehensive Data Privacy and Cybersecurity Policy and endeavours to obtain the ISO 27701 certification for its Data Privacy Framework in FY24. The policy also ensures the security of information received and gathered during regular business operations.

Your Company conducts employee training and awareness sessions on information technology and cybersecurity. All employees are required to complete such training and take an assessment following the same. In addition to quarterly phishing drills to enhance employees' threat detection skills, LTF sends monthly awareness emails and newsletters to employees to keep them informed about the latest IT security trends and best practices.

Furthermore, LTF has implemented a comprehensive security incident management procedure to manage security incidents. The procedure defines the roles and responsibilities of the incident response team members and provides guidelines for reporting, responding to, and recovering from security incidents. Your Company has identified incident response team members and has documented a Board approved Cyber Crisis Management Plan, which is updated periodically.

Moreover, LTF regularly conducts external verifications and vulnerability analyses to identify potential security risks and vulnerabilities in its IT infrastructure and systems. Your Company carries out security patching quarterly, and all applications are subject to application security assessments once a year or if there is a change. Additionally, external penetration testing activity is conducted once a year to identify any security weaknesses that attackers could exploit. In addition to these measures, LTF has established an escalation process for raising concerns related to information and cybersecurity. Grievances can be emailed to headgro@ltfs.com for concerns related to information and cybersecurity.

LTF schedules quarterly IT Strategy Committee meetings to track the initiatives and progress with regard to information security/cybersecurity strategy and review processes. This ensures that the Company's information security and cybersecurity measures remain effective and up to date.

During FY23, there were no instances reported to the InfoSec team regarding any complaints from outside parties, which were substantiated by the organisation, and no complaints were received from regulatory bodies.

Furthermore, LTF obtained the ISO 27001 certification for IT and information security functions. This certification ensures that the Company's information security management system meets the requirements of the ISO 27001 standard, which includes establishing, implementing, maintaining, and continually improving the information security management system.

Information Security Related Policies

- Data Privacy Policy
- Operations Security Policy
- Security Incident Management Policy
- Vulnerability Management Policy
- Human Resource Security Policy
- Acceptable Use Policy
- Corporate Email Policy
- Cryptography Policy
- Physical and Environmental Security Policy
- Vendor Relationship Management Policy
- Communications Security Policy
- Information Systems Acquisition, Development and Maintenance Policy
- Asset Management Policy
- Logical Access Control Policy

LTF has developed a host of IT and information security policies and is committed to ensuring resilient and efficient IT processes and secure information security practices.

Name of the Policy / Document	Objective	Scope and Purpose	Details
DATA PRIVACY POLICY	To provide services in accordance with the terms of use, according to which LTF acquires an individual's written or electronic consent, which permits LTF to collect, use, retain, or disclose their personal data.	The purpose is to use minimal amount of information in order to operate and provide the services and gain consent from the individual for the usage of information to provide services and products.	This policy provides details on ▶ Sharing/Transfer/Disclosure of Personal Information ▶ Unsolicited Information ▶ Retention of Personal Information ▶ Disposal, Destruction, and Redaction of Personal Data ▶ Use of Cookies ▶ Security of Data ▶ Quality ▶ Compliance and Reporting
CRYPTOGRAPHY POLICY	To safeguard information deemed at risk and lacking adequate protection from other controls, cryptographic systems. The objective is to use information while maintaining confidentiality, authenticity, and integrity.	The scope of the policy pertains to the information systems responsible for processing, storing, and transmitting critical information to various stakeholders.	This policy provides details on ▶ Use of Cryptography Controls ▶ Key Management ▶ Key Generation ▶ Key Protection ▶ Expiration/Revocation of Keys ▶ Key Escrow ▶ Information Recovery ▶ Key Compromise ▶ Public Key Infrastructure
OPERATIONS SECURITY POLICY	To ensure the correct and secure operation of information processing facilities. The aim is to safeguard information assets' confidentiality, integrity, and availability.	Employees and third-party vendors who utilise LTF's information assets and processing facilities are subject to this policy. Its scope encompasses the information assets and processing facilities of LTF, including those hosted in a cloud IT environment.	This policy provides details about the operations, procedures and responsibilities to ensure that the information processing environment is safe and secure, protection of information processing facilities from malware, backup of available data to prevent data loss and reduce the impact in case of an incident affecting the availability of information, logging and monitoring, control of operation software and information system audit controls.

Name of the Policy / Document	Objective	Scope and Purpose	Details
PHYSICAL AND ENVIRONMENTAL SECURITY POLICY	To prevent unauthorised access and minimise disruptions to LTF's information processing facilities resulting from breaches in physical security or failures of supporting environmental facilities.	This policy applies to information processing facilities at LTF's Head Office.	This policy provides details about secure areas to prevent unauthorised physical access, damage, and interference in the information processing facility and equipment used to prevent asset loss, damage, or theft.
SECURITY INCIDENT MANAGEMENT POLICY	To implement proactive measures that minimise the impact of security incidents and establish a structured incident response plan.	This policy applies to security incidents that compromise assets due to a breach of confidentiality, integrity, or availability (CIA). LTF information resources within the scope of this policy include those hosted in a cloud IT environment.	This policy provides the details about the management of information security incidents and improvements, which include roles and responsibilities, reporting of information security incidents, information security weaknesses, assessment of and decision on information security incidents.
VENDOR RELATIONSHIP MANAGEMENT POLICY	To maintain information security and service delivery according to third-party service agreements to protect LTF information assets accessed, processed, communicated, or managed by vendors. This involves ensuring confidentiality, integrity, and availability of LTF information assets on-premises and off-premises, as well as compliance with regulations.	This policy applies to third-party vendors accessing LTF information assets and facilities, whether on-premises or off-premises, as well as any cloud IT service provider accessing LTF information resources, including those in the cloud IT environment.	This policy provides details about the information security in third-party vendor relations and third-party vendor service delivery management, including monitoring, reviewing, and managing the changes related to third-party vendor services.

Name of the Policy / Document	Objective	Scope and Purpose	Details
VULNERABILITY MANAGEMENT POLICY	To enhance the security stance and minimise the risks associated with security vulnerabilities in LTF. It also outlines the measures and procedures necessary for detecting security vulnerabilities and establishing a satisfactory level of security for both the infrastructure and application levels.	The scope of this policy encompasses employees and contractors who utilise the LTF infrastructure and technical environment.	This policy provides details about the roles and responsibilities of the Infosec team, third-party vendor, and application team in relation to vulnerability assessment, review of findings, and implementation of appropriate actions. It also details the procedure to be followed to conduct the vulnerability assessment.
COMMUNICATIONS SECURITY POLICY	To safeguard and defend the communication channels utilised by LTF to preserve the confidentiality, integrity, and accessibility of all information assets.	This policy covers network security management at LTF, which also encompasses the cloud IT network.	This policy provides details about ▶ Network security management ensuring information protection within the networks; ▶ Information transfer policies, procedures, agreements on IT, electronic messaging, and confidentiality or non-disclosure of agreements.
HUMAN RESOURCE SECURITY POLICY	To minimise the possibility of theft, fraud, or improper utilisation of its information systems, individuals granted access to LTF information systems are appropriately informed about their responsibilities for maintaining information security and are given access to information necessary for them to perform their duties. The access is then removed when not required.	The policy covers human security management at LTF, encompassing employees and third-party vendors.	The policy provides detail to ensure that the responsibilities are clearly understood by the employees and are provided with suitable roles. It has also detailed procedures to be followed prior to employment, during employment, and in the event of termination and change of employment.

Name of the Policy / Document	Objective	Scope and Purpose	Details
INFORMATION SYSTEMS ACQUISITION, DEVELOPMENT AND MAINTENANCE POLICY	To guarantee that security is an intrinsic component of the processes related to the information system's acquisition, development, deployment and maintenance.	This policy pertains to developing, deploying, and maintaining information systems, encompassing business applications, off-the-shelf products, and in-house developed applications that access, process, and store LTF's information. The LTF information resources within the scope of this policy also include those hosted in a cloud IT environment.	The policy provides details about the various security requirements of the information systems, security requirements in development, and support processes.
ACCEPTABLE USE POLICY	To provide a set of standards for the organisation's employees/third-party vendors to use the information assets appropriately and acceptably.	LTF employee/ third-party vendor, its associates and other individuals affiliated with third parties who have access to LTF information resources and/or assets are covered under the scope of this policy.	The policy provides guidelines on following aspect: ▶ Acceptable usage of information assets ▶ Email usage ▶ Internet Usage/ Social media Risk ▶ Information System Management ▶ Password Management ▶ Endpoint Management ▶ Incident and Data Loss Reporting ▶ Clear Desk ▶ Clear Scree ▶ Prohibited Activities/Use

Name of the Policy / Document	Objective	Scope and Purpose	Details
ASSET MANAGEMENT POLICY	To keep a comprehensive record of assets and establish proactive strategies to ensure sufficient protection for LTF assets based on their level of importance.	This policy is applicable to all assets linked to LTF information and information processing facilities, including cloud IT infrastructure.	This policy mentions the various responsibility for assets such as inventory of assets, ownership of assets, acceptable usage of assets, return of assets and IT product lifecycle. It also contains classification of information to identify the level of protection to be provided depending on the level of importance. This policy also specifies the standard for managing removable media, disposal of media and physical media transfer.
CORPORATE EMAIL POLICY	To provide the availability of LTF e-mail services as needed, reduce the possibility of misuse, prevent any disclosure of information and safeguard the confidentiality and integrity of messages during transmission, wherever applicable.	The use and management of the LTF corporate e-mail system are subject to this policy.	This policy details responsibilities, incident reporting and various controls related to LTF e-mail services. This policy helps to protect the Company from any loss or interruption to its e-mail services, breach of integrity or confidentiality of the information, and any liability that may arise due to inappropriate usage of e-mails.
LOGICAL ACCESS CONTROL POLICY	Limiting unauthorised access and providing authorised individuals with necessary access on a need-to-know basis are essential components of controlling access to LTF information.	This policy applies to employees and third-party vendors who access LTF information systems, including those hosted in a cloud IT environment. It is applicable at all times and must be adhered to whenever LTF information is accessed on any information asset.	The policy provides details on the business requirement for access control for networks and their services, user access management, access of third-party vendors to LTF information system, user responsibilities, and access controls system and application.

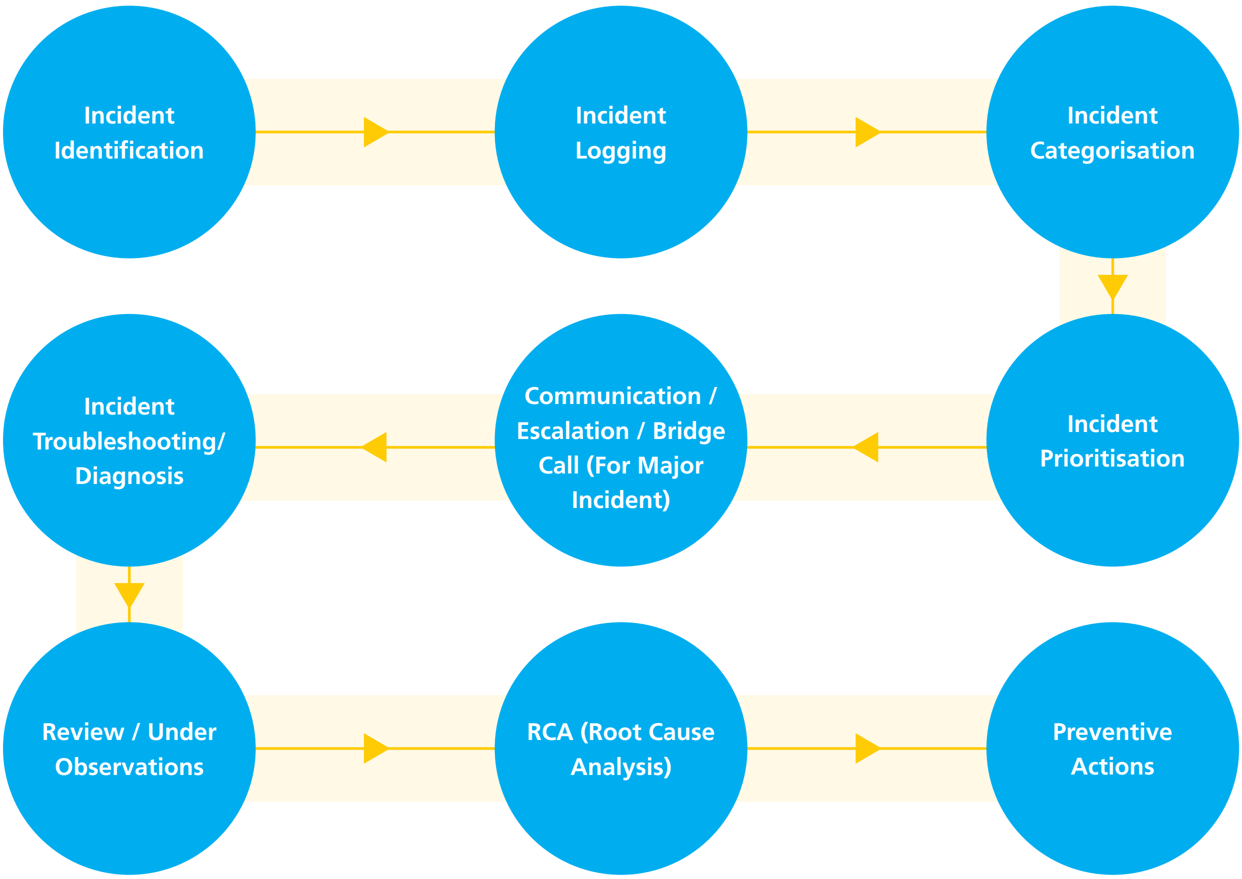
Information Security Focus Areas

Cyber Security Controls	Business Continuity	Incident Management
Data Privacy	Vulnerability Assessment	Security Awareness and Training
Risk Management	Cyber Insurance	Certifications and Audits

Incident Management

LTF has developed an Incident Management Plan to foster the efficient and effective handling of information security incidents. These incidents mainly include technology incidents, including communication on IT downtimes, events and weaknesses. The Incident Management Plan not only defines what an Information Technology incident is but also establishes a structure to report and manage such incidents.

The procedure followed to address an information technology incident is as follows:



Incidents are categorised as per degree of severity, incident type, and the number of affected systems/ users. In case of a major incident that includes incidents of Severity 1 and 2, the standard incident management procedure is followed and additionally, a WAR room is created by the incident manager to discuss the details of the incident with all the relevant stakeholders. The Incident Manager gathers all the relevant information and provides the required coordination and/or the resolver groups, vendors, and OEM with the technical details needed to solve the incident.

The Incident Management team identifies the Root Cause Analysis (RCA) owner post the incident resolution and asks the RCA owner to share information on the incident's root cause along with the preventive action(s).

The incident management team is responsible for sending out communications about any scheduled/ planned maintenance, major/minor outages, outages during or after planned/scheduled maintenance, downtime due to any planned activity and caution downtime. LTF has a Technology Outage Communication Plan, which provides guidelines for effective communication to the relevant stakeholders and handles high-severity incidents and Data Recover (DR) invocation. It also defines the roles and responsibilities of various teams. The Core Information Technology (CIT) team has the ownership of key decision-making and relevant communication to the crises management team and business.

Vulnerability Assessment

LTF has a vulnerability management policy in place which aims to increase the security levels and mitigate the threat of security related vulnerabilities in the Company. It defines the controls and steps required to identify the security vulnerabilities and ensure reasonable security for the infrastructure and application levels. This policy also outlines the roles and responsibilities of various teams in conducting the vulnerability assessment.

LTF carries out IT risk and gap assessments, vulnerability assessments, and application security assessments of its IT infrastructure and applications. The vulnerability assessment (VA) is conducted quarterly for infrastructure, the application security assessment is conducted annually, or if there is any new change in the application, it is routed via application security (AppSec) testing, penetration testing of the critical infrastructure is carried

out annually while the configuration compliance review/ baseline assessment is conducted annually.

The InfoSec team conducts the Vulnerability Assessment, Configuration Compliance Review and Application Security Assessment once a year and drives these assessments on the identified assets. Any change in the application is routed via application security (AppSec) testing & Penetration Testing exercise. This is performed by either the internal team or the third-party partner as per the management decision. The output of these assessments is documented which includes the prioritised list of vulnerabilities, vulnerability description, calculated risk, and remediation activities. These reports are shared with the respective owners, and they identify risks as per Critical, High, Medium, and Low category and address them accordingly. Rescan/retesting is conducted for the reported observation to verify the actual closures.

IT Risk Management

LTF conducts IT risk assessments to identify potential threats to its IT infrastructure, applications, and services and implements appropriate measures to mitigate them. Any unplanned events that can potentially impact the Company's goals are identified, analysed, and assessed. IT risk assessment is conducted annually, and the InfoSec & IT departments maintain a risk register Risk Assessment and Risk Treatment Register that quantifies various risks and outlines mitigation measures. The Chief Information Security Officer signs off the risk register.

Your Company has established an Information Security policy to make sure that the confidentiality, integrity and availability of the information and information assets being used across the organisation are maintained securely. The IT head defines, manages, and updates these requirements as and when required. The Company keeps enhancing the awareness amongst its IT department personnel, about the latest IT threats and IT innovations to mitigate them by encouraging them to participate in forums like IT seminars, workshops, and conferences.

LTF's Acceptable Usage policy sets guidelines for its employees/third-party vendors to use the information assets acceptably and appropriately. This policy helps the organisation avoid any misuse of any information asset and risks that may arise from various sources such as attachments in e-mails from unknown sources that may contain malware and impact the whole system.

Business Continuity

LTF has designed its IT Business Continuity and Disaster Recovery (DR) Plan to ensure that vital business processes are not disrupted during unforeseen contingencies like disasters. This plan includes critical application assessment, backup procedures, recovery procedures, implementation procedures, test procedures, and plan maintenance. By doing so, LTF ensures continuity in customer services, meeting contractual requirements, maintaining the Company's reputation, protecting stakeholders and staff interests, adhering to legal and regulatory requirements, and supporting the Business Continuity Plan (BCP).

In case of a disaster, different groups such as the Core Information Technology (CIT) Management, IT Business Continuity and Disaster Recovery Management Team, Incident Management Team, DC Infrastructure Team, Network Team, Server/Operating System (OS) upgrade and Patching team help to restore the normal functionality of LTF's IT Systems.

The Management team also assists the IT Business Continuity and disaster recovery teams by providing support, decision and approvals as and when required.

The IT Business Continuity and Disaster recovery management team is responsible for making decisions related to the disaster recovery efforts by ensuring the readiness of DR for business applications, performing as a single point of contact, and overseeing all the DR-related exercises and stakeholders.

The incident management team manages an incident, assesses the impact of the incident, and communicates it to the respective stakeholders as per the incident management process. They help determine the magnitude and class of the incident, affected systems, and processes from the incident. They also help track incidents with complete closure and the detailed RCA report.

The infrastructure support team manages the server, database, middleware, storage, and network infrastructure required for LTF to run its IT operations and applications in the event of and during a disaster. They implement appropriate monitoring and ensure that the data replication and backup are up to date. The team also helps in implementing and providing the relevant tool, hardware, software, and system required in the recovery and primary setups with all setups and keeping the primary and recovery site up to date.

The application team ensures that all applications operate and meet the business objectives and are capable of recovery in the event of a disaster. They also ensure and validate appropriate application availability with performance and assist the related stakeholders as required. They ensure that the relevant policies of change, incident, and release management are adhered to, data is synced and available as per the defined Recovery Point Objective, and the Technology Recovery Implementation Plan document is reviewed and updated.

The Disaster Recovery Management Process of LTF ensures a state of readiness within the organisation allowing prompt personnel response after the occurrence of a disaster. This also provides more effective and efficient recovery. The Disaster Recovery Plan helps limit the loss's magnitude, assess and repair damage and activate the repaired computer centre. This helps recover data, manage recovery operations, and prepare technology personnel to respond effectively in disaster recovery situations.

Security Awareness and Training

LTF has established a formalised and structured training programme for its employees to ensure that they have adequate knowledge to perform their duties efficiently. The training programme focuses on developing relevant IT knowledge and skills within the workforce, developing competency and helping personnel understand and learn how to fulfil their IT roles and responsibilities. Training is customised as per the specific needs of each group of people with significant IT responsibilities. The IT head identifies the training requirements annually and includes them in the annual training calendar.

All employees of LTF are required to complete information security awareness training followed by an assessment, which is provided through a centralised solution. A phishing drill is conducted quarterly to enhance the threat-detection skill of employees. Monthly awareness emails and newsletters are also sent to all employees of LTF.

LTF understands the responsibility of guarding the sensitive personal data of the individual, so its employees are also trained on privacy policy and information security procedures regarding the appropriate access, use, and disclosure of personal data.

Cyber Insurance

LTF has obtained Cyber Insurance as a means to safeguard itself against various risks, including but not limited to business interruptions, lawsuits, extortion, damage to IT infrastructure, regulatory penalties, and other potential threats that could negatively impact the Company's operations.

Certifications and Audits

LTF has received ISO 27001 certification from the British Standard Institution (BSI) for its IT Function and Information Security department. The Company also aims to obtain certification for Data privacy framework ISO 27701 adoption in FY24. The Company has established a systematic approach to conducting self-assessments and third-party reviews to oversee internal controls over IT. The audit is conducted annually covering the IT applications, IT services, and IT infrastructure. At least one half-year meeting involving site IT executives is conducted to review the performance and share management vision concerning the IT department.

Privacy and Data Security

Privacy and data security are a serious concern, particularly given the current economic landscape and the repercussions of data privacy breaches. Data security issues can lead to severe financial and reputational implications for financial institutions. LTF understands the concerns of its customers about the safety of their personal information and recognises the severity of such risk. Therefore, LTF has taken appropriate measures to mitigate its exposure to such risks.

LTF has implemented measures to safeguard its business applications, computers, data, and network from emerging cyber threats, attacks, and harm. The Company has implemented several security procedures, controls, and solutions for endpoints, servers, applications, and the network. LTF utilises various Software as a Service (SAAS) platforms to automate and simplify business operations, necessitating strict data security and monitoring.

LTF has implemented a data classification solution to ensure that all files are classified in accordance with the defined policy. It has also implemented data leakage prevention (DLP) solutions on endpoints and email gateways to monitor and block sensitive information. LTF has implemented a cloud access security broker (CASB) solution to monitor the cloud data. Your Company has developed a comprehensive Data Privacy framework and also aims to obtain the ISO 27701 certification by FY24. DLP solutions are in place to identify Personal Identifiable Information (PII) data in motion, data at rest, and data in use, and LTF has established necessary controls for monitoring and remediation of issues, if any.

LTF has implemented the following measures to protect against cyber threats:

3-tier security architecture with built-in disaster recovery and multiple layers of defense

Firewalls, intrusion prevention system, and intrusion detection system

Web application firewalls for internet-facing applications

Cloud Access Security Broker (CASB) solution for cloud-based applications

Antivirus and Endpoint Detection Response (EDR) across the infrastructure

Secure Web Gateway across endpoints to minimise internet access exposure and block malicious communications

Brand monitoring to detect fake domains and apps and monitor regular applications and brand abuse on the internet and dark web

Threat intelligence platforms to act and block Indicators of Compromise (IOC)

Regular employee training on information security risks

24/7 security operation centres to monitor and review vital logs for anomalies

Data Privacy Policy

As a part of LTF's Data Privacy Policy, LTF requires minimal information to operate and provide various services. It also encourages individuals to update information as and when there are any changes. The concerned individual is asked to review the information provided and ensure that all personal information or sensitive personal data is accurate. The data retention and disposal process at LTF requires managerial approval for the disposal, destruction, and deletion of any personal data. LTF's disposal, destruction, and redaction procedures help minimise the possibility of data theft, misuse, or unauthorised access to personal data.

LTF is ISO 27001:2013 certified and deals with the Personal Identified Information (PII) of individuals. Once information is in the LTF network and data ownership lies with the IT team, it becomes imperative to protect such personal information. The security measures taken to prevent the misuse of information are mentioned below:

- LTF encrypts sensitive PII data using strong encryption algorithms. The keys used for such encryption algorithms are stored securely, and access to keys is restricted to authorised entities only.
- LTF trains its employees on the privacy policy and information security procedures, including the appropriate access, use, and disclosure of personal data.
- LTF conducts periodic risk assessments on the processes, information systems, and third parties, including third-party facilities and information systems audits.
- LTF conducts third-party audits and assessments at periodic intervals for critical vendors.
- LTF has in place an incident response plan with trained personnel to respond to, investigate and mitigate the impact of any incident.

LTF is committed to complying with this Policy and with applicable privacy laws, regulations, and obligations. Moreover, LTF conducts regular audits of its compliance with applicable privacy policies, procedures, laws, regulations, contracts, and standards under applicable regulations.

In the reporting year, LTF did not receive any complaints concerning the breach of customer privacy from customers, parties, organisations, and regulators.

LTF has in place a Zero-Trust model wherein access is provided as and when needed on specific services through a specified port. Employees are permitted to access the LTF network securely through this model. At LTF, individuals have the option to not agree to the collection of personal information. They can withdraw their consent by writing to LTF at headgro@ltfs.com and at the same time make a request for the termination of the services agreed upon as per the Terms of Use. In the case of any grievances, the redressal process under the Grievance Redressal policy available on www.ltfs.com is to be followed.

Case Study

ISO 20000-1:2018


bsi.

Certificate of Registration

In alignment with becoming a top-class Fintech@Scale with a customer-centric approach, LTF undertook the ISO 20000 to ensure a global standard of efficiency in services for its customers.

With the objective of achieving a robust management that supports the 'Service Focus', a programme for implementation of ISO 20000-1:2018 (Service Management System or IT Service Management System) was initiated in FY23.

LTF was certified with said standard in May 2023.

Given the expanse, LTF used a project management approach to ensure that all the teams were able to manage the functional deliverables and manage the time, effort and investment towards the upgradation of all the systems. The certification process further strengthened the existing documentation related to the 'Service Management Planning' that provide a detailed overview of the requirements, resources, service levels and elements of each service provided by the IT department. Thus, leading to enhanced planning, monitoring and standardisation of processes and alignment to international standards ISO 20000-1:2018.

The components of successful journey of ISO 20000-1:2018:

Objective

Enabiling IT departments to define, adhere to ITSM processes that are aligned with the business needs and international best practices

Scope and coverage

- Incident management/change management
- Quality assurance and testing
- IT infrastrucure and services

Value Addition

- Detailed process flows
- Service catalogues and SLAs
- Governance and reporting aligned with SLAs
- Defined, structured documentation of processes in line ITSM guidelines

Challenges

- Availability of key stakeholders along with Business As Usual for the certification
- Additional evidences collection in the structured format as required by BSI
- Definition of service catalogues and SLAs

HUMAN CAPITAL

LTF's values and principles are deeply rooted in its parent company, L&T, to create an enabling work environment that encourages continuous learning, promote inclusivity and equality and ensures a healthy and safe workplace. LTF places strong emphasis on upholding human values, individual dignity, and ethical and professional behaviour. LTF acknowledges that its employees are instrumental in the Company's success. Your Company invests in the professional development of its employees by providing them with ample opportunities to advance in their careers and improve their skills and knowledge. Your Company offers training programmes and workshops that focus on the areas of expertise needed for business growth. These programmes not only enhance the employees' knowledge and skills, but also enable them to contribute more effectively to your Company's progress. By investing in its employees' professional development, LTF creates a highly skilled and motivated workforce that drives your Company's success and advancement.

24,975
ESG Training Hours

27,506
Total Employees

23.98
Average Employee Training Person-Hours

LTF understands that employees play a crucial role in achieving results as per strategy. In line with our ambition of becoming a Fintech@Scale, it is imperative that we create a culture that drives a digital mindset.

CREATING A CULTURE THAT DRIVES A DIGITAL MINDSET

BELIEF

People Alignment

Understanding Fintech@Scale

- Regular employee communication centered around becoming a Fintech
- Driving tech competitions like Hackathon (completed 3 seasons) to encourage digital thinking

ACTION

Talent Acquisition

Enabling Fintech@Scale

- Recruiting IT talent to drive fintech at scale and lead digital initiatives

RESULTS

Managing People Risk

Enhancing Organisation memory

- Building people agnostic processes: App based Geo-tagging for route identification for frontline

REWARDS

Performance & Rewards

Digitization as a Way of Life

- Setting KPIs to digitise processes across levels
- Star Awards recognising Digital initiatives

EMPOWERING POLICY ENVIRONMENT

LTF believes that upholding the principles of integrity and professionalism is essential for establishing a sustainable and successful business. At the heart of LTF's philosophy is the recognition that every individual has inherent dignity and deserves to be treated with respect and fairness. Your Company's strong policy framework reflects this belief and creates a healthy workplace culture that supports its employees' well-being.

Your Company recognises that a healthy workplace environment is essential to attract and retain talented employees and nurture their growth and development. LTF's policies and practices prioritise employee safety, health, and welfare, ensuring that the workplace fosters productivity and creativity. Your Company provides its employees with access to resources, such as counselling and wellness programmes that support their physical and mental well-being. LTF also has policies in place to ensure that its employees receive fair compensation, benefits, and opportunities for career advancement.

The CoC of your Company outlines the expectations for professional conduct, information sharing, and vendor relationships. As part of the induction programme, employees are trained on various policies, including CoC. Your Company also has an annual training framework for its non-frontline employees covering important policies of the Company. Additionally, LTF conducts regular awareness campaigns to educate employees on appropriate workplace behaviour and provide channels for raising concerns or issues.

Human Rights

Your Company has maintained an ethical and respectful work culture in alignment with its Human Rights Policy. This policy underscores your Company's unwavering commitment to uphold human rights and complies with all relevant local laws concerning human rights.

Your Company is committed to maintaining a secure and healthy workplace environment for its employees and has a zero-tolerance policy towards any form of workplace harassment.

Prevention of Sexual Harassment (POSH)

A policy has been implemented to prevent, prohibit, and address sexual harassment in the workplace. Employees who experience harassment can report it to the Internal Committee, which the Company has established under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act of 2013. LTF has set up a dedicated email address (wecare@ltfs.com) where employees can report instances of sexual harassment. The Internal Committee only has access to this email box, ensuring that the complainant's privacy is safeguarded and confidentiality is maintained. An external member serves on the Internal Committee to ensure a fair assessment.

Please refer Corporate governance report for mechanism to report, Internal Committee and policy details. Your Company is committed to promptly resolving reported cases. In FY22, a single case was reported, and it was resolved within the year, while in FY23, no cases were reported.

Vigil Mechanism

LTF is dedicated to upholding leading standards of openness, honesty, and accountability, and it motivates employees at all levels, to voice any genuine concerns that could potentially harm the Company's reputation or financial stability. The Company has established a Vigil Mechanism Framework in compliance with the applicable regulatory requirements which provides a structured process for reporting issues without fear of retaliation.

The Chairperson of the Audit Committee has direct access to all complaints raised.

Remuneration Policy

LTF has a policy on directors appointment and remuneration/compensation for directors, senior management, key managerial personnel and other employees.

The objective of the policy is inter alia to determine criteria for payment of remuneration/compensation to Directors, Senior Management Personnel /Key Managerial Personnel and employees and to ensure relationship of remuneration/compensation to performance is clear and meets appropriate performance benchmarks.

The remuneration 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.

The remuneration paid to all employees is also subject to malus and claw back provisions as per the policy. Under malus, the Company can prevent vesting of all or part of the amount of deferred remuneration/compensation. In case of clawback, the employee has to return previously paid or vested remuneration/compensation to the Company under certain circumstances as specified in the policy.

Culture of Diversity and Inclusion

LTF actively promotes diversity in the workplace and has a workforce that is diverse/varied in terms of gender, language, age, religion, rural or urban background, experience, and expertise. LTF operates extensively in rural areas, and hence, hiring is done from local regions regions. Thus, creating job opportunities and livelihood in these areas. This diverse composition has enabled your Company to effectively engage with customers from different backgrounds and provide them with the best possible service.

Moreover, during FY23, 27% of the GECs, the governing body that oversees critical strategic and operational functions of the Company, comprises of women.

EMPLOYEES

Employee Headcounts						
Employee Category	Total	FY23 (Gender-Wise) (No.)		FY23 (Age-Wise) (No.)		
		Male	Female	Less than 30 Years	30-50 Years	More than 50 Years
MD & CEO	1	1	0	0	0	1
Strategic Leadership (SL)	2	2	0	0	1	1
Executive Leadership (EL)	11	8	3	0	5	6
Business Leadership (BL)	64	56	8	0	57	7
Operational Leadership (OL)	331	305	26	6	317	8
First-Line Managerial Leadership (FML)	1,254	1136	118	204	1,039	11
Foundational Leadership (FL)	5,366	5,110	256	2,417	2,942	7
Foundational Leadership IV (FLIV)	20,477	19,889	588	15,806	4,663	8
Total	27,506	26,507	999	18,433	9,024	49

Workforce Details					
Category	FY23 (Gender-Wise) (No.)		FY23 (Age-Wise) (No.)		
	Male	Female	Less than 30 Years	30-50 Years	More than 50 Years
Junior Management	26,135	962	18,427	8,644	26
Middle Management	305	26	6	317	8
Senior Management	67	11	-	63	15
Total	26,507	999	18,433	9,024	49

Contract Workforce Details					
FY23 (Gender-Wise) (No.)		FY23 (Age-Wise) (No.)			Total
Male	Female	Less than 30 Years	30-50 Years	More than 50 Years	
44	30	44	8	22	74

Remuneration Details				
Category	Male		Female	
	Number	Median Remuneration/ Salary/Wages of Respective Category	Number	Median Remuneration/ Salary/ Wages of Respective Category
Board of Directors (BoD)	7	NA*	1	NA*
Key Managerial Personnel	2	₹ 8,38,68,413	1	NA#
Employees other than BoD and KMP	26,505	₹ 3,13,719	998	₹ 3,30,025
Workers	0	0	0	0

The BoD and KMP details pertain only to L&T Finance Holdings Limited, whereas employee details include subsidiaries.

* Only Executive Director(s) considered. During the year, there was only one Executive Director on the Board of the Company

Only one employee and hence not applicable

People with Disabilities					
Particulars	Total No. (A)	Male (No.)		Female (No.)	
		(B)	% (B / A)	(C)	% (C / A)
Permanent (D)	4	4	100	0	0
Other than Permanent (E)	0	0	0	0	0
Total PWDs (D + E)	4	4	100	0	0

Employee Development and Retention Strategies

LTF considers its people as its most valuable asset. Your Company firmly believes in investing in its talent pool and fostering its employees' development. The approach is grounded in a merit-based culture that identifies and nurtures individuals with high potential, enabling them to excel in a satisfying, long-term career with your Company. LTF also ensures effective talent management by adopting a three-pronged strategy: Talent Identification, Talent Development, and Talent Deployment.

Talent Identification

LTF's talent strategy is based on performance and its alignment with the Company's objectives. Your Company seeks out individuals with unique strengths who can be further developed to enhance value creation. LTF also considers growth potential, leadership qualities, domain knowledge, and expertise when selecting individuals. LTF has undertaken many new initiatives to bring efficiency in talent acquisition which include; end-to-end hiring process through Application tracking system, integration with LTF Career portal, pre-joining digital engagement and new joinee experience survey.

Talent Development

LTF utilises a talent development approach that is structured as 75:15:10 across three themes: Experience, Exposure, and Education, respectively.

Experience:

- Enrich employees' roles by offering them new opportunities and added responsibilities
- More contribution in decision-making and taking ownership of assigned tasks
- Communicating strategies via periodic town halls

Exposure:

- Employees are exposed to cross-functional perspectives through working committees
- Regular executive coaching and training sessions are organised for leaders with critical roles to enhance their knowledge and skills

Education:

- Leadership development programmes are provided to employees through reputed educational institutes with industry-experienced faculty

Talent Deployment

LTF invests in individuals with potential. Your Company establishes support systems to ensure the success of individuals who are assigned significant roles or critical projects, as they are considered part of the talent pool of the organisation and not just a resource within the department. Additionally, your Company aims to create 'Role Arbitrage', by entrusting identified individuals with more significant roles.

Career Progression

Since 2016, the employees demonstrating potential from the managerial category have experienced a substantial improvement in their roles and thus progressed in their career.

LTF is exploring to conduct an alignment survey for its top 100 leaders in FY24, and it has initiated an Annual Talent Identification and Development Process from FY23 for senior leaders. Your Company has identified successors for critical roles, with timelines and subject to development interventions planned for them, based on business impact, regulatory compliance, and overall risk management.

As the organisation is moving towards Lakshya 2026 and eying exponential growth in its portfolio, it recognises the need for next generation leaders who can lead the next phase of growth. The organisation is committed to developing its internal talent.

Leadership development journey was initiated for 120 leaders to groom them for higher level roles and be more effective in their current roles. The journey started with enhancing self-awareness in leaders based on gold-standard psychometric assessment reports. Leaders have become aware of their strengths, derailers under stress, motivators and the culture they are likely to create in their teams.

The sessions concluded with each leader preparing an Individual Development Plan with clear timelines and outcomes to prepare themselves for higher level roles. The developmental interventions such as Workshops, Management Development programmes, will be rolled out in the next financial year.

Your Company has an Internal Job Policy (IJP), where vacancies are published internally first and preference is given to internal employees. The employees are provided with adequate support and encouragement to pursue role changes across departments. All eligible employees receive periodic feedback on their performance and career growth. This year, the policy was renewed with the path-breaking introduction of 'no approval required from supervisor/manager to apply for IJP'. Employees can now directly apply for IJP.

The Talent Management Committee, comprising the MD & CEO and CHRO, provides periodic updates to the Board Committee on the developments in talent management. LTF has implemented a well-established career succession strategy, which has played a key role in developing a pool of potential leaders. Capable employees who have previously held supporting roles have been given the opportunity to transition into leadership positions within the organisation. They have demonstrated great success in these roles through this initiative.

LTF has also developed a talent pipeline and talent blueprint for all critical roles to ensure business continuity. The succession planning was presented to the Nommination and Remuneration Committee.

Ensuring Role Clarity:

Post adoption of the strategic plan – Lakshya 2026, one of the important milestones was the alignment of employees with the strategy and role clarity. Towards this, a series of townhalls were conducted for the senior leadership as well mid-level leadership across various locations across the country. The townhalls were addressed by the Group Executive Committee members, who were ably supported by 24 Lakshya Champions.

Our MD & CEO addressed the employees in all the townhalls at the beginning of the year, either through physical or virtual formats, and reiterated the expected behaviours required from the teams to achieve the goals. As an extension to the regional townhalls, in addition to the aforesaid messages, cascading of business-wise targets to the wider audience in the branches across locations was undertaken.

Employee Turnover (Gender-Wise)*#						
Category	FY23			FY22		
	Male	Female	Total	Male	Female	Total
Employee Turnover (No.)	8,943	389	9,332	13,382	491	13,873
Employee Turnover Rate	36%	40%	36%	59.07%	52.57%	58.81%

Employees Turnover (Age-Wise)*#			
Category	Age Group	FY23	FY22
		Total	Total
Employee Turnover (No.)	< 30 years	5,778	9,760
	30-50 years	3,553	4,109
	> 50 years	1	4
Employee Turnover Rate	< 30 years	41%	66.91%
	30-50 years	54%	45.94%
	> 50 years	4%	6.96%

*Methodology for Turnover calculation underwent a change in FY23
#(No. of persons who have left the employment of the entity in the FY *100) / Average no. of persons employed in the category in the FY

New Hires (Gender-Wise)*						
Category	FY23			FY22		
	Male	Female	Total	Male	Female	Total
New Hires (No.)	18,170	686	18,856	15,446	530	15,976
New Hiring Rate	72%	70%	72%	68.18%	56.75%	67.73%

New Hires (Age-Wise)*			
Category	Age Group	FY23	FY22
		Total	Total
New Hires (No.)	< 30 years	14,461	12,448
	30-50 years	4,393	3,527
	> 50 years	2	1
New Hiring Rate	< 30 years	103%	85.33%
	30-50 years	67%	39.44%
	> 50 years	8%	1.74%

*(No. of persons who have been hired by the entity in the FY *100) / Average no. of persons employed in the category in the FY

SKILL DEVELOPMENT AND LEARNING INITIATIVES

Your Company's talent management and people culture firmly believes in and emphasises on the overall development of its employees. To achieve this objective, a range of functional and behavioural training programmes are conducted. These programmes are tailored to the specific needs of each employee, as identified during their annual performance review. The Company ensures effective execution by engaging both internal and external training specialists, who deliver the programmes through various modes, including group workshops and focussed training sessions. Additionally, your Company provides workshops and training sessions to promote the health and well-being of its workforce LTF also imparts training to ensure adoption of ethical practices by the employees. Your Company has a dedicated e-learning portal, e-Gurukul. To train the front line staff who meet the customers, LTF has gamified simulations and byte sized learning through Gurukul, WhatsApp & Corporate radio.

Parichay – Employee Induction Programme

Your Company aligns and introduces new recruits to its Value, Culture, Business, and Goals through the implementation of the Company's 'Parichay' programme. This programme equips them with the necessary knowledge and skills to perform their roles efficiently and effectively. It covers various aspects, such as Know Your Customer, CoC, Prevention of Sexual Harassment, Information Security Awareness, and Operational Risk Management. Additionally, it encompasses topics related to ESG and LTF's specific commitments.

In FY22, an ESG Module (available in eight regional languages) was added into the new employee induction programme to create awareness. In FY23, 18,488 new employees (as per the cut-off date for training) were trained on ESG through Parichay. A special mandatory module was created in FY23 for existing non-frontline employees. It was launched in November 2022, and 6,487 employees, (97%) were trained on ESG, contributing 6,487 workforce hours to ESG training.

Aspire

Aspire is a special initiative introduced as a succession programme for front-line employees, specifically those in the sales team. This capacity building programme aims to prepare and enhance the skills of sales employees to become high performers and reach the next level of skills and knowledge. It has the following goals:

- Establishing a pool of resources across India for internal recruitment and development
- Offering employees insight into potential internal growth prospects

The Aspire Programme encourages upward growth in retail enterprises by evaluating top performers and assigning them with more responsibilities. 1,614 employees took part in the Aspire Programme and occupied higher roles within your Company.

Management Trainee Programme

LTF's flagship programme for Management Trainees (MT) is designed to create a diverse talent pool, while ensuring cultural alignment. Your Company recruits young candidates from reputed campuses across India and provides them with an intensive induction programme. During this programme, MTs interact with senior members of the leadership team, including the MD & CEO, GEC members, and Chief Human Resources Officer (CHRO), to gain insight into the Company's priorities, values, and expectations. MTs receive training on client delivery, as well as soft skills, such as people management and accountability.

The Management Trainee Programme is intensive, with weekly reviews and stretch assignments that challenge each MT to excel and rapidly advance their learning curve. Performance is evaluated based on key deliverables, with rewards linked to performance.

Leadership Development Initiatives

Furthermore, employees also have the opportunity to attend public programmes organised by renowned agencies and institutions or specialised programmes according to their roles. Your Company continuously nominates employees for these programmes to improve their functional or technical knowledge. In FY23, LTF nominated 6 leaders from the information technology department for a management course at IIM Ahmedabad. This programme covers various aspects of digitalisation, including IT project and contract management, risk management for IT projects, an IT governance framework, and project monitoring.

Your Company has also taken the initiative to procure Coursera licenses, allowing selected employees to have access to a library of certification courses to develop the required niche skills. Your Company has launched a Managerial Development programme, during the reporting period, for the frontline supervisors. The main goal of this programme is to enhance managerial abilities in two key areas: effectively managing their teams and overseeing business operations.

Average Hours of Training

21.88
Management

23.05
Non-Management

23.13
Permanent Male Employees

13.55
Permanent Female Employees

Training Coverage										
Category	FY23					FY22				
	Total (No.) (A)	Health and Safety Measures		Skills Upgradation		Total (No.) (D)	Health and Safety Measures		Skills Upgradation	
		(B)	% (B/A)	(C)	% (C/A)		(E)	% (E/D)	(F)	% (F/D)
Male	26,507	24,855	93.8%	16,122	60.8%	23,689	13,493	57	16,408	69
Female	999	874	87.5%	349	34.9%	954	395	41	391	41
Total	27506	25,729	93.5%	16,471	59.9%	24,643	13,888	56	16,799	68

EMPLOYEE PERKS AND INCENTIVES

Full-time employees at LTF have various benefits, such as gratuity, provident fund, healthcare coverage, and insurance (including medical, accident, and life insurance). Additionally, they can redeem benefits, such as parental leave and leave encashment. Employee Stock Ownership Plan (ESOPs) and a Matching Grant Scheme are provided as long-term incentives for employees. Over 72% of the Company's employees are eligible for Employee State Insurance (ESI) benefits.

Your Company has an empanelled third-party to provide Group Mediclaim to all employees. Your Company has collaborated with Practo, a leading health-tech company that offers online doctor services, to prioritise the health and well-being of its employees and their families. With the support of Practo, your Company ensures that medical assistance is accessible to all the employees round the clock. Moreover, LTF employees can avail benefits, such as Annual Heath check-up and Physical Doctor Consultancy Support (weekly).

LTF's Company policy includes parental leave for its employees. At LTF, female employees are provided with maternity leave support along with post-maternity leave support, job security within the Company, and 'Women-Friendly Working Norms', such as a separate child-care policy, part-time working, and leave of absence. LTF offers continuous five-day paid paternity leave to all new fathers for the first two children. All male and female employees are entitled to parental leave under the Company Policy. In FY23, the retention rate for female employees was 43%, while for male employees it was 63%.

Parental Leave

Department/Fund	No. of Employees Entitled to Parental Leave		No. of Employees that took Parental Leave		No. of Employees Who Returned to Work after Parental Leave Ended	
	Male	Female	Male	Female	Male	Female
All Departments	26,507	999	183	48	183	43

Return to Work and Retention Rate

Category	FY23		FY22	
	Permanent Employees		Permanent Employees	
	Return to Work Rate	Retention Rate	Return to Work Rate	Retention Rate
Male	100%	63%	98.6%	57.3%
Female	90%	43%	64.6%	47.6%

Employees Benefits

Benefits	FY23			FY22		
	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/NA)	No. of Employees Covered as a % of Total Employees	No. of Workers Covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/NA)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	Y	100%	NA	Y
ESI	72%	NA	Y	75%	NA	Y

Employees Health and Well-being Benefits											
Category	% of Employees Covered by										
	Total (A) as of March 31, 2023	Health Insurance		Accident		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
Permanent Employees											
Male	26,507	26,507	100%	26,507	100%	NA	NA	26,507	100%	NA	NA
Female	999	999	100%	999	100%	999	100%	NA	NA	NA	NA
Total	27,506	27,506	100%	27,506	100%	999	100%	26,507	100%	NA	NA
Other than Permanent Employees											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

In the unfortunate event of an employee's death, the family is entitled:

- A sum of ₹ 2,00,000 as ex-gratia payment is given to the person's nominee(s)
- The nominee(s) of the person receive his/her last monthly salary for a total of 24 months
- Support is provided for the education of the person's children until they graduate
- Assistance is provided for the vocational/professional education of the person's spouse to enhance their employability
- Since inception 50 families supported under such cases

Economic Empowerment

LTF has introduced a Matching Grant Scheme (MGS) to address the financial requirements of employees at various stages of life and encourage the habit of savings. The MGS is accessible to all employees, providing them with a chance to generate wealth as the Company matches (up to a certain limit) the investments made by employees in any of the HSBC Mutual Fund Schemes (earlier L&T Mutual Fund schemes). This helps create long-term wealth for the employees.

POSITIVE WORKPLACE CULTURE

Workforce involvement is a crucial component of a company's value as it contributes to creating a positive work environment, reducing employee turnover, enhancing productivity, improving customer relationships, and boosting profitability. At LTF, the performance management system aligns with your Company's commitment to its employees, ensuring that employees are rewarded fairly for their efforts and performance. Your Company employs various methods of engagement to communicate its objectives, encourage employee performance, and address concerns and grievances. Initiatives include Employee Connect through WhatsApp and Corporate Radio, Online (QR code based) Query Management System and end to end online Performance Management System. Your Company has a strong feedback culture, with open two-way communication promoted at all levels, like employee annual performance reviews, including feedback from their managers on their performance and guidance for further improvement.

Your Company also strives to foster a sense of belongingness among employees through the celebration of festivals, office events, and health and well-being campaigns like Stepathon, among others. Additionally, a corporate radio channel facilitates sharing of knowledge, best practices, and employee success stories. This channel was launched in April 2022.

Rewards & Recognition

LTF has instituted Rewards & Recognition initiatives like Star Awards, Rising Star Awards and Hall of Fame Awards to reward out-performance.

Star Awards

Star Awards are awarded to those employees who have demonstrated exceptional performance for the Company. They uphold its core values of Pride, Ambition, Integrity, and Discipline and represent the 'One LTF' philosophy by collaborating across boundaries and contributing to the Company's transformation agenda.

Your Company has a robust reward and recognition programme for its field teams, which includes the Wall of Fame and Rising Star Awards.

Rising Star Awards

Instituted in FY22, the Rising Star Awards are exclusively organised for frontline employees annually. During the reporting period, more than 550 high performers emerged as winners and were felicitated in grand ceremonies across five locations.

Wall of Fame

The Wall of Fame is a monthly initiative that honours the outstanding achievers in business units, such as Rural Business Finance, Farm Equipment Finance, and Two-Wheeler Finance, among others. These include regional managers, area managers, branch managers and frontline officers.

The performance criteria for qualifying are circulated every month, and 350 winners are selected and awarded with physical and digital certificates, along with cash incentives. The regional-level winners are given special recognition during an appreciation call with the Business Heads.

The Wall of Fame is published on the Workline portal for the entire Company to recognise and appreciate these top performers.

Hackathon

LTF has faith in the capabilities of its employees and fosters a culture that encourages them to think critically and solve problems creatively. The hackathon was organised to convert innovative ideas into reality, which have the potential to positively impact the business. Hackathon is a platform for employees to showcase their ideas to the top management and plays a vital role in shaping your Company's future.

Other events

Your Company organised a variety of events that were aimed at enhancing the well-being of employees. These events included yoga sessions, workshops on maintaining a work-life balance, taxation advice, an art competition for employees' children, observing festivals and significant occasions, such as International Women's Day, among others.

Although the Company does not have any employee associations, it respects employees' right to freedom of association and engagement in collective bargaining, and it does not discourage such activities.

CSR Volunteering

Boondein, LTF's CSR volunteering initiative, has been encouraging a participatory culture and the building of the CSR ecosystem. It provides employees the opportunity to utilise their skills and time to serve communities through various volunteering efforts.

LTF is committed to fostering a culture of giving and creating synergies between its CSR beneficiaries and employees. Your Company's approach has led to improved awareness among employees about its CSR projects, resulting in more significant contributions towards its social initiatives. Employee volunteering is not restricted to the corporate office; it extends to the branches as well.

In FY23, more than 50 employees participated in a mix of virtual and on-ground volunteering efforts, contributing 171 hours to the cause. These efforts resulted in reaching out to over 500 beneficiaries, exemplifying LTF's commitment to making a positive impact in the communities it serves.

OCCUPATIONAL HEALTH AND SAFETY MEASURES

LTF believes that a healthy workforce and safe working environment improve the productivity and value of your Company. Therefore, it is dedicated to nurturing the health and well-being of its employees. Your Company has taken multiple initiatives focussing on employee health and safety.

Your Company has a Health & Safety Policy which has been approved by Board level CSR & ESG Committee. The policy is applicable to all offices/branches of the Company

Various health and safety measures/initiatives for all employees have been undertaken aligned with the policy, including Stepathon, workshops on physical and mental well-being, awareness on Health & Safety programmes and benefits offered by the organisation

Periodic monitoring and reviewing of all safety appliances like Firefighting equipment, and Artificial Defibrillators, among others, is carried out

Your Company also takes up targets to strengthen the health and safety measures at the Company

Your Company is a signatory of the WASH initiative

New hires are trained on road safety during the induction

New hires are trained by experts on road safety and safety during EMI collection. A process has been developed to collect EMI in a safe manner

Ergonomic chairs and furniture are used to facilitate good posture and working conditions

Your Company organised booster vaccination drives for its employees and has ensured highest levels of hygiene & sanitation

Key Focus Areas of Health and Safety Policy

- Creating employee awareness about health and safety, mental health, and well-being
- Adherence to all relevant laws and regulations
- Commitment to provide a fair, safe and healthy working environment
- Ensuring safety of employees at the workplace in the event of natural disasters or accidents, such as a fire outbreak
- Securing the health and safety of the 'Feet on Street' employees and providing appropriate benefits
- Providing access to medical services and making on-call doctors available

Employee Health and Wellness Programmes

LTF has taken various steps to improve the health of its employees. Your Company offers free health check-ups for its employees. LTF has partnered with 'Practo' and makes on-call doctors available 24/7 to all employees and their families. Additionally, your Company also provides its employees medical and accident insurance. LTF has enrolled its employees and their families in the Covid Domiciliary Policy, which grants financial assistance of up to ₹ 25,000 if they test positive for Covid.

Workplace Safety Measures

With employees' health & safety in mind, your Company makes sure that the workplace is designed to be safe for employees. All branches have access to fire extinguishers. Your Company ensures that the fire extinguishers are properly monitored and refilled on a regular basis. The use of fire extinguishers and other dos and don'ts in the event of a fire emergency are regularly communicated. Your Company has installed a UVC Nanotechnology AC system at the corporate office to promote and deliver a safe and germ-free working environment for employees.

Road Safety Awareness and Advocacy

LTF places significant emphasis on road safety as over 70% of its workforce works in field-based roles that require frequent road travel. To ensure the safety of these employees, your Company has incorporated a comprehensive mandatory road safety session as part of its induction programme. These sessions utilise a combination of case-based studies and audio-visual material to educate new employees on road safety.

Your Company has gone above and beyond to ensure the safety of its employees and taken measures to promote road safety in the community. It has collaborated with traffic police and non-profit organisations to support the existing road traffic management system and raise awareness about road safety among school children in Mumbai. The topics that are covered are as follows:

- Importance of road safety
- Acceptable and forbidden actions for road safety
- Traffic signs
- Traffic rules and fines for rule violations

Effective Grievance Management

At LTF, employees have various channels to voice their grievances. Employees can report violations of CoC by sending an email to code@ltfs.com. The complaint is reviewed thoroughly by the Code of Conduct Committee, which consists of senior officials. Employees can report any instance of sexual harassment by sending an email to wecare@ltfs.com, which are investigated by the Internal Committee that comprises senior leaders of LTF. If there are any unethical behaviour, actions, or instances that are unfavourable to or are against the interests of LTF, employees can report them by writing to whistleblower@ltfs.com. Your Company is committed to resolving grievances promptly through these channels.

Case Study

The Star Awards

Star Awards is the highest recognition award given to the employees of LTF. Employees who have not only demonstrated exceptional performance for the Company but have also exemplified the four values of the Company, which are Pride, Ambition, Integrity, and Discipline in their endeavour to attain the targets set forth in Lakshya 2026, are felicitated with this award. With an extensive workforce of more than 27,000 employees pan India, your Company received 3,108 employee nominations and 11 team nominations of which 206 outstanding employees were declared as Lakshya warriors. The selection process for identifying the winners was a comprehensive one involving four stages of assessment and the requirement of a potential candidate to have completed 500 manhours. The entire exercise was concluded within a period of two months.

The employees were awarded in four categories namely, Bright Spark, Exemplar of Values, Teamwork, and Transformation Champion.

Bright Spark awardees are those who are relatively new to LTF, and have surpassed expectations and accomplished remarkable outcomes, while exhibiting a remarkable sense of ownership and teamwork. In FY23, there were 41 employees at LTF who received the Bright Spark award. The recipients of Exemplar of Values are the ones who have demonstrated a strong commitment to the Company's values. This award is presented in two categories: Pride and Ambition which is about employee's contribution to the Company and aspirations of achieving greater things respectively. In FY23, 60 employees were felicitated with the Pride award, while 58 employees received the Ambition award.

Teamwork awardees are the teams who have exemplified the essence of collaboration and worked across boundaries to deliver a critical project, while ensuring institutionalisation of processes and outcomes. In FY23, four teams, comprising 45 employees, were the recipients of this award. The awardees of Transformation champion are the leaders who have demonstrated exceptional performance, initiative, consistent delivery, and game-changing practices/ideas that have transformed and revitalised the business. During the reporting year, two employees were felicitated with this prestigious accolade.

Stepathon Challenge

With the objective of promoting healthier lifestyles and creating widespread awareness on the same, LTF implemented the Stepathon challenge for its employees in FY23. Besides promoting the adoption of healthy lifestyles, this initiative demonstrated employees' team spirit and situational leadership. The focus was on encouraging employees to have active lifestyles through monthly, weekly and daily fitness targets. A total of 670 employees grouped into 67 teams competed to take the maximum number of steps over a period of 60 days. As part of the Stepathon challenge, the participants walked a total of 27.6 Cr steps, thereby covering 1.9 lakhs kilometers. The leading two teams that recorded the highest number of steps taken during the challenge were felicitated by LTF for demonstrating their grit and dedication in achieving the fitness targets. In addition to declaring weekly winners, your Company recognized and felicitated those participants who successfully lost maximum weight over the period of two months.

By fostering employee health and well-being, this initiative was testimony to employees' teamwork, dedication and discipline in achieving targets. It also demonstrated the winning teams' planned approach towards meeting their time bound fitness goals. Through the Stepathon challenge, LTF has not only encouraged its employees to focus on their health but also instilled a spirit of discipline and teamwork for achieving the larger goals of the organisation.

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital holds great significance for LTF as it values its relationship with customers, value chain partners and other stakeholders and their reciprocal trust in the Company. LTF recognises the importance of nurturing strong social and community relationships to positively impact society and build long-term and sustainable relationships with stakeholders. Social capital refers to the trust, networks, and relationships built within communities, while relationship capital represents the value derived from strong connections with external stakeholders like partners, Government line departments and other stakeholders.

CUSTOMERS

Customer centricity is the cornerstone of LTF's business strategy with the Company moving from product focused to customer focused. The diverse needs and preferences of customers are considered in strategic decision making, while ensuring highest level of service quality. Your Company is committed to creating a robust retail portfolio that best addresses customer credit requirements, coupled with strengthened underwriting and collection abilities. By launching customer-centric products, LTF has not only deepened customer engagement, but also recalibrated its product growth strategy. As part of its product portfolio, LTF will look at new product launches- Rural LAP, Agri-allied Loans (of which Warehouse Receipt Finance was launched in Q4FY23) and Rural Household Business Loans as part of Lakshya 2026. This caters not only to customers from each spectrum, but also to those from marginalised and underserved sections of society. By keeping customers at the core, LTF continues to focus on achieving product excellence, integrating data analytics, expanding digital channels, launching innovative products, and enhancing its pan India presence.

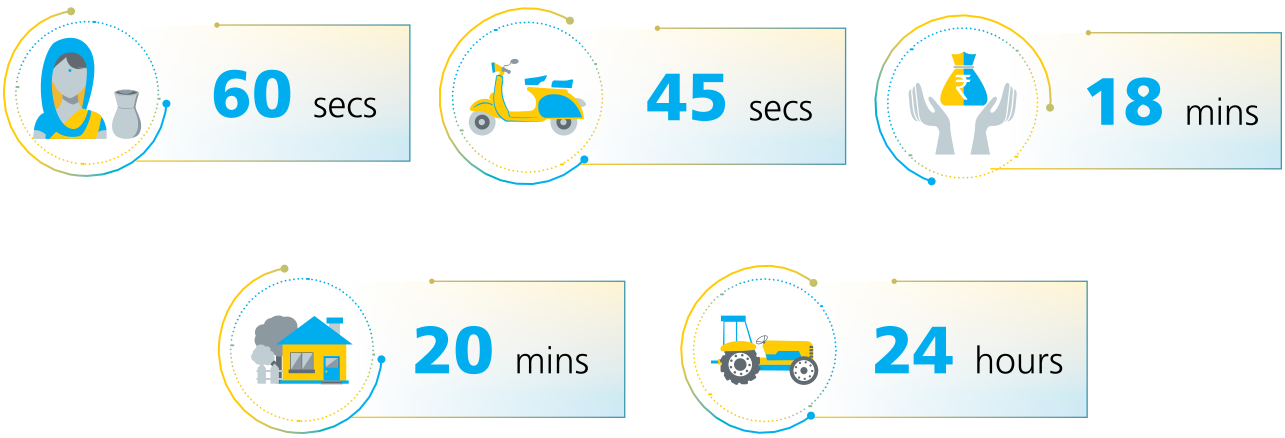
Customer Reach Strategy

Your Company holds the belief that customer satisfaction is a reflection of how customers perceive the brand. The focus is on building the best customer experience that fosters customer loyalty and trust. LTF maximises customer satisfaction by identifying the specific needs and capacities of customers and offering products that best meet their requirements. The Company has been investing significantly in developing both physical and digital infrastructure, enhancing customer access to services and the overall customer experience.

With regard to Rural Business Finance, your Company's approach to customer engagement has been far-reaching, spanning 1,656 branches throughout the nation. The farm equipment and Two-Wheeler Finance Businesses have recorded favourable growth owing to your Company's widespread network of OEM and dealers, enabling the pursuit of an ever-widening customer base. Your Company focusses on maintaining a continuous dialogue with its customers, thereby promoting an inclusive and efficient loan cycle that reflects its commitment to provide exceptional service.

Your Company understands that digital engagement is equally important as in-person interactions. Considering this aspect, your Company has established a strong and widespread digital presence for enhanced efficiency and ease of access. Through the various digital platforms, including its website, chatbot, WhatsApp, and PLANET app, LTF engages with its customers in a seamless manner, providing a multichannel experience for achieving customer service excellence.

Best-in-class TAT



Empowering Customers through Education and Awareness

Your Company helps its customers make the right financial decisions. To this end, your Company has implemented robust systems to ensure that customers always have access to all available information on its products and services. Additionally, LTF has developed a customer awareness training module, which is available on its website (www.ltfs.com) and has launched social media campaigns to promote financial literacy, road safety, health, and environmental conservation.

With a view to provide ease of operations and help in reducing carbon footprints, LTF has been using paperless E-sign agreements with OTP since September 2021 for the Two-Wheeler Finance, Farm, Consumer, and SME products, which are also available in their respective regional or vernacular languages. The Rural Group Loan & Micro Finance agreements have been made available in various regional languages. This ensures appropriate access to product information leading to informed consent and ease for the customers.

Safety of Customer Information – Customer Privacy

Your Company considers customer privacy a top priority. Your Company has implemented a Data Privacy policy that lays out measures regarding customer consent and data protection, including security standards and procedures for the use, disclosure, and sharing of sensitive personal data or information provided by individuals. Your Company takes great care in storing and using customer data judiciously, with regular monitoring of systems to prevent data leakage. Your Company is committed to keeping its customers well informed about the various uses of their data. No complaints concerning breaches of customer privacy from customers, outside parties, or regulators were received in FY23. Your Company strives to maintain transparency with its customers, while providing them with clear and concise information about its services and processes. Moreover, LTF provides customer-centric training to its frontline staff, enabling them to deliver exceptional service that aligns with the Company's values. The value proposition of your Company's products is communicated in a transparent and straightforward manner to target customers.

Customer Satisfaction

Your Company has developed a robust mechanism to evaluate customer satisfaction. Numerous customer-centric approaches have been implemented to contribute towards elevated levels of customer trust, loyalty, preservation, and satisfaction. Several approaches have been adopted in areas, such as product design, data privacy, engagement channels and customer education. The new initiatives taken in FY23, such as the PLANET app, chatbot, and WhatsApp bot, provide 24/7 services to customers, which enhance customer satisfaction. These portals grant customers the ability to make transactions, generate statements, and check service details online. Customers can check the valuation of their investment and order e-statements immediately with a missed call. Feedback was sought from customers who have rated the PLANET app between medium to low, changes/ resolution were done to incorporate the feedback. Post incorporation of feedback, 71% positive feedback was received on the same.

"It was indeed great to be associated with L&T Finance, the sales team here is very supportive and committed. Services provided are beyond delight and it was a pleasure interacting with them. The process of my home loan application was very simple and easy, and the overall process was smooth."

Atul Rege, Mumbai
Home Loan

"I got a loan from L&T Finance. It was a very smooth and easy loan process. I just bought my KYC documents and got a loan within five minutes, and the rate of interest is also very low. I am really very pleased with L&T Finance."

Parmalal Kumar, Bihar
Two-Wheeler Loan

"With this loan, I started a milk business. L&T Finance is very good, and the collection agent arrived as per the schedule. I am very proud for taking a loan from L&T Finance."

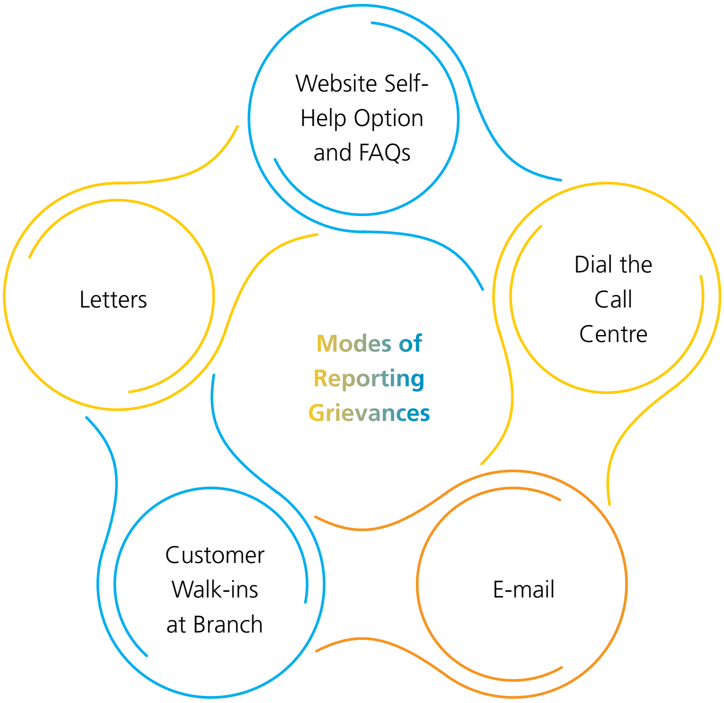
S Saritha, Tamil Nadu
Rural Group Loans & Micro Finance

"Thank you for providing quick service regarding the loan and its disbursement. I am fully satisfied and rate L&T Finance 5 stars for the same."

Nilanjan Roy, Kolkata
SME Loans

Grievance Redressal

Your Company has developed a Grievance Redressal Policy that is based on its robust and systematic approach to customer grievance redressal. Grievances can be registered through multiple channels across the organisation, the details of which are published on the website. Welcome kits, emailers, and letters are circulated to the customers, wherein contact details of call centres and website addresses; providing self-help options are specified. A three-level grievance redressal mechanism with an escalation matrix has been established in the organisation. The complaints received are examined carefully, and the necessary steps are taken to resolve them in a timely and resourceful manner. Internal reviews are carried out to ensure the effectiveness and quality of the grievance redressal mechanism and enhance customer service. Your Company also has an appointed internal ombudsman to deal with customer complaints in line with the guidelines issued by RBI. Details of customer and investor grievances are placed before the Board on a quarterly basis for its review. The Grievance Redressal Policy is available on Company's website www.ltfs.com.



Grievance Redressal Mechanism	FY23	FY22
Number of customer complaints received	23,439	10,981*
Number of complaints pending resolution at the close of the year	1,459	234*

*Classification of customer complaints was revised and the numbers shared for FY23 & FY22 are basis the revision

Supplier Engagement

Your Company has a publicly available Third-Party Code of Conduct, which was developed in FY22 to promote ESG awareness in its value chain. It is applicable to vendors, borrowers, goods and service providers, and persons holding business relationships with your Company. The Code of Conduct mentions LTF's commitment towards the prevention of significant risks associated with incidents of child labour and forced or compulsory labour. Your Company fosters an environment for its value chain partners providing support and guidance on ESG considerations whenever required. This facilitates the value chain partners' incorporation of ESG parameters into their business and operations. In the reporting year, your Company conducted an ESG assessment with a few of its Facilities & Channel Management & IT vendors.

Your Company follows responsible business practices. The Company being a financial service organisation, does not require any substantial input materials to conduct its business. However, it strives to source materials from MSMEs/ local suppliers wherever feasible.

Case Study

BigWheelz Program

A noteworthy step in the Two-Wheeler segment has been the BigWheelz programme. Owing to the success of this programme, your Company secured the third position amongst its peers in 2019. LTF launched this programme with the intent to help small and medium-sized Two wheeler dealers scale up their businesses by providing them with the necessary knowledge, experience, and support to enhance their overall customer reach and increase their revenues through wider sales channels. LTF has been able to create the right impact through this initiative by enabling dealers to enhance their operational efficiency, customer service, and sales revenue. This programme has particularly been of significant impact given LTF's firm resolve to differentiate itself from its peers by way of offering a unique value proposition in the market.

As part of the BigWheelz initiative, your Company has been conducting trainings and awareness sessions for its value chain partners and has also been extending financial aid to help dealers invest in their businesses and improve their infrastructure.

The success of the BigWheelz programme has been evaluated on the basis of the number of dealers who joined the programme and contributed to LTF's overall business revenue. The participation of more than 1,300 dealers has contributed to more than 50% of the Company's total business revenue. This enabled LTF achieve a significant market share of 17% among the leading retailers and 6.5% among the remaining 5,500 dealers, resulting in a major boost to its revenue.

Despite its initial success, the programme witnessed several challenges with regard to maintaining its long-term viability. Since the inception of this programme, your Company has been continuously adapting and improving to stay aligned with the evolving needs of both dealers and the marketplace. With the objective of keeping the BigWheelz programme in top-gear to propel the growth of small and medium-sized Two-Wheeler dealers, LTF plans on extending the programme coverage to more dealers across the country, thereby providing them with the necessary support to reach a level of excellence amidst the rising competition. Furthermore, LTF is committed to steering its digital platform towards innovative methods to help dealers sell their products and enhance their customer service.

The BigWheelz programme has been a game-changer for LTF, providing your Company with a competitive edge over its rivals and facilitating the growth of small and medium-sized Two-Wheeler dealers in India. By investing in this programme, LTF has not only improved the operational efficiency and customer service of participating dealers but has also contributed to the advancement of the Two-Wheeler sector. Going forward, LTF plans to continue its investment in the programme and expand its reach and enhance its digital platform to promote the growth and success of the Two-Wheeler sector.

CORPORATE SOCIAL RESPONSBILITY (CSR)

Aligned with the CSR philosophy, your Company focusses on three thrust areas: Digital Financial Inclusion, Disaster Management, and other initiatives encompassing environmental sustainability, road safety, and healthcare. Through its Digital Financial Inclusion efforts, LTF aims to bridge the digital divide by providing access to financial services, empowering undeserved communities, especially women, and promoting financial literacy. Your Company also acknowledges the importance of disaster management and actively engages in initiatives to support communities affected by natural calamities as and when required. They contribute to relief and rehabilitation efforts, helping affected individuals and communities recover and rebuild their lives. Additionally, your Company undertakes various initiatives in environmental sustainability like capacity building for water user groups, tree plantation under Project Prakruti, road safety awareness, and healthcare.

Through investments in these areas, your Company strengthens its relationships with stakeholders and brings about a positive difference in society by promoting inclusion, resilience, sustainability, and well-being.

Your Company's CSR footprint is spread across a wide geographic area, covering 9 states, 22 districts, and over 1000 villages. This extensive reach enables for a significant impact on rural communities. The CSR initiatives have positively touched the lives of more than 30 lakhs beneficiaries, bringing about meaningful change and improving the quality of life for many individuals and families.

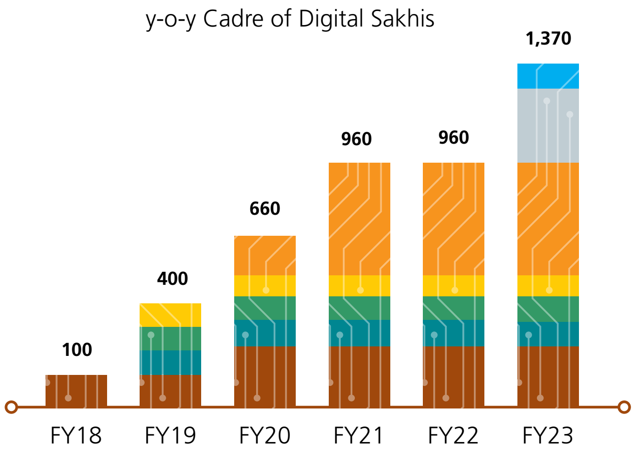
9 States

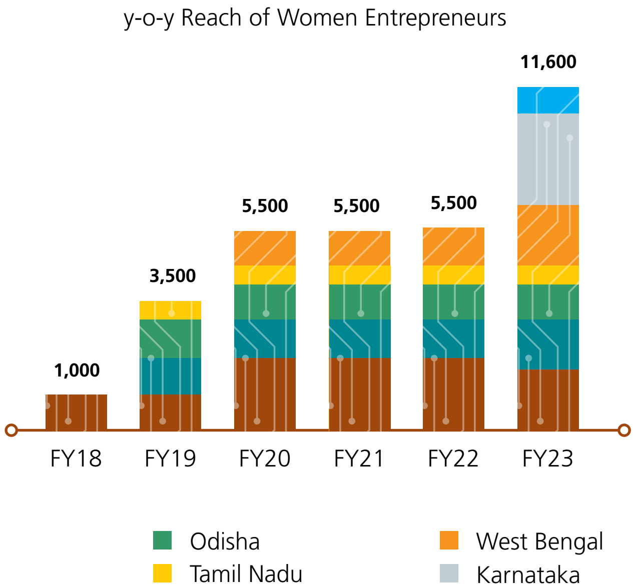
22 Districts

1,000+ Villages

30 lakhs+ Beneficiaries Reached through CSR Initiatives

Under the Digital Financial Inclusion initiative, several significant achievements have been made. The Digital Sakhi project successfully reached out to over 11 lakhs community members, providing them with essential financial services through digital platforms. LTF successfully empanelled over 400 new Sakhis in new geographies, Karnataka and Kerala. Additionally, more than 1 lakh community members were connected to various social entitlement schemes, ensuring better access to Government benefits. Notably, there was a commendable 12% increase in the adoption of digital payments among community members, promoting a cashless economy and enhancing financial inclusion. Furthermore, the initiative identified and trained over 5,000 women entrepreneurs on essential entrepreneurship skills, fostering economic empowerment and sustainable development in the community. These achievements reflect the positive impact of the Digital Financial Inclusion programme on individuals and communities, driving progress and inclusivity.





Under the Disaster Management vertical, the CSR initiative has achieved significant milestones. Over 90 sessions were conducted to enhance the capacity of water user groups (WUGs), empowering them to effectively manage water resources during disasters. Through various measures, an impressive 280 KL lakhs+ of water was replenished, ensuring sustainable water management and resilience in the face of calamities. In the realm of environmental sustainability, the CSR initiative brought about positive change by planting over 50,000 saplings across 140 acres of land through Project Prakruti. This initiative contributes to the restoration of ecosystems and promotes a greener environment. Furthermore, the CSR initiative focussed on road safety awareness, reaching out to over 16,000 students through more than 20 sessions. These endeavours aimed to educate and instil responsible behaviour among the younger generation, making roads safer for everyone. Additionally, 34,000+ beneficiaries were provided with essential eye care services through 100 Eye Camps, ensuring access to eye health and promoting well-being. These achievements reflect the commitment of your Company's CSR initiatives towards disaster management, environmental sustainability, and the well-being of communities.

FY23

11 lakhs+
Digital Sakhi: Community Members Reached

5,000+
Women Entrepreneurs Trained

50,000+
Saplings Planted under Project Prakruti

280 KL lakhs+
Water Replenished

16,000+
Students Reached for Road Safety Awareness

34,000+
Beneficiaries Provided with Eye-care Services

Cumulative Since Launch

29 lakhs+
Digital Sakhi: Community Members Reached

11,600
Women Entrepreneurs Trained

1,18,000
Saplings Planted under Project Prakruti

46,000+
Students Reached for Road Safety Awareness

34,000+
Beneficiaries Provided with Eye-care Services

Project Prakruti
Tree Plantation
Pavagada, Karnataka
(Year 2022)
ಮರ ನೆಡುವಿಕೆ
ಪಾವಗಡ, ಕರ್ನಾಟಕ
(ವರ್ಷ 2022)
Pavan Kalyan
Implementing Partner
No. of Saplings Planted
1200

Grass Root Development Issues & CSR Approach

In rural India, there are several prevailing issues that require attention, especially in the areas of digital and financial literacy and environmental sustainability. The lack of digital and financial literacy hinders rural communities, especially women, from fully participating in the digital economy and accessing essential financial services. Moreover, environmental sustainability is a pressing concern, with deforestation, soil erosion, and depleting natural resources, especially water levels, threatening the livelihoods of the rural population.

These core issues in rural areas align with the CSR thrust areas for your Company. The emphasis on digital financial inclusion enables LTF to address the lack of digital and financial literacy in rural communities. This is achieved by providing education and training programmes on financial services and digital platforms, with a special focus on women. Initiatives promoting environmental sustainability, particularly plantation drives, align with your Company's commitment to preserving and restoring ecosystems in rural areas. Additionally, your Company's involvement in road safety initiatives and healthcare, including eye care camps, addresses the health-related concerns of rural populations. This ensures their well-being and supports Sustainable Development Goal 3 (good health and well-being).

The CSR thrust areas are aligned with the SDGs as well as LTF's business ambitions.

Thrust Areas	Alignment with our Business Sustainability Ambitions	Alignment with SDGs
Digital and Financial Literacy	Top Class 'Digitally Enabled' Retail Finance Company (Product Focused to Customer Focused)	1 No Poverty; 5 Gender Equality; 10 Reduced Inequalities
Disaster Management	Carbon Neutral by FY35 & Maintaining Water Neutrality	13 Climate Action; 15 Life on Land
Other Initiatives	Profitability with Ethical, Environmental and Social Responsibility	17 Partnerships for the Goals

LTF recognizes the importance of CSR in contributing to the overall well-being of society. With a focus on addressing core ground issues, your Company has realigned its CSR Vision and Mission statements with its business strategy.

The vision statement of LTF is centered around the financial and digital transformation of rural communities, with a strong focus on creating opportunities for sustainable livelihoods. With an aim to empower individuals specially women living in rural areas by equipping them with the necessary financial and digital knowledge to thrive in an increasingly interconnected world. By bridging the gap between rural communities and the digital economy, we envision a future where every individual in these communities has access to financial services, digital tools, and relevant trainings.

Our mission is to revitalise and create a sustainable livelihood and financial ecosystem specifically designed for farmers, rural women, and youth. LTF is dedicated to empowering these marginalised groups by providing them with the necessary tools, resources, and support to enhance their economic opportunities and improve their overall quality of life. By focusing on revitalise and creating sustainable livelihoods, we strive to bring positive and lasting change to these communities and contribute to their overall development.

Your Company implements its CSR programmes on-site through strategic collaborations with NGO partners, actively involving community-based organisations, and engaging relevant stakeholders from the served communities. Recognising the expertise and grassroots knowledge possessed by NGOs and community-based organisations, LTF leverages their deep understanding of local challenges and needs. By working closely with these partners, your Company ensures that its CSR initiatives are tailored to address the specific requirements of the communities. This collaborative approach fosters a sense of ownership and active participation among the stakeholders, enabling the programmes to have a more significant and sustainable impact.

To ensure effective implementation and oversight of its CSR programmes, LTF CSR Committee comprising experienced professionals, oversees the planning, execution, and monitoring of CSR initiatives, ensuring

alignment with the Company's CSR policy and goals. The Committee conducts regular assessments and evaluations to measure the impact and effectiveness of the programmes, making necessary adjustments and improvements as required.

Additionally, the CSR Committee reports to the Board of the Company, which provides strategic guidance and ensures that CSR initiatives align with the overall vision and values of LTF. This comprehensive governance structure guarantees that CSR efforts are transparent, accountable, and continuously aligned with the Company's commitment to creating a positive and sustainable impact on society.

Your Company prioritises the monitoring and evaluation of its CSR projects to ensure their effectiveness and alignment with the intended goals. Your Company employs a comprehensive approach that incorporates various review mechanisms and feedback channels.

Monthly online reviews play a vital role in monitoring and evaluation, allowing for virtual discussions with the NGO partners and project team on the ground, tracking project progress, measuring impact, and gathering feedback from stakeholders. This enables continuous monitoring and facilitates prompt decision-making.

On-site field visits form an essential component of the monitoring process. They provide first-hand insights into project implementation and allow your Company's CSR representatives to assess the impact on the ground. These visits ensure that the projects are being executed as planned and help identify any challenges or areas for improvement.

A robust feedback mechanism is also established to capture the perspectives of beneficiaries, project partners, and other stakeholders. Your Company encourages open communication channels to receive regular feedback on project performance, impact, and areas that require attention. This feedback is crucial in evaluating the effectiveness and sustainability of the projects.

The combination of online reviews, on-site visits, feedback mechanisms, and regular desk reviews ensures that your Company maintains a robust monitoring and evaluation system for its CSR projects. This approach allows for continuous improvement, accountability, and the optimisation of project outcomes, ultimately enhancing the impact of LTF's CSR initiatives.

CSR Thrust Areas

The CSR thrust areas of LTF encompass a range of critical domains that address key societal needs. Firstly, your Company places a strong emphasis on digital financial inclusion, recognising the transformative power of technology in bridging the financial gap in rural areas by leveraging digital platforms.

Digital Financial Inclusion – Digital Sakhi Intervention

The Digital Sakhi project is a flagship programme of your Company aimed at empowering rural women and community members through digital and financial literacy. The programme follows a cascading model, where trained women, known as Digital Sakhis, in turn, train fellow citizens in their communities. The Digital Sakhis identify existing women entrepreneurs and help them with capacity-building programmes, nurturing their entrepreneurial skills. Additionally, they work to converge various social entitlement schemes to benefit the larger community. State-wise programme highlights for FY23 are mentioned below:

Project Initiation FY20	West Bengal	Odisha
Villages	167	118
Digital Sakhis	450	100
Women Entrepreneurs	2,000	1,000
Community Members Outreached	7,53,185	82,184
Digital Seva Kendras	80	61
Increase in Adoption Levels Since Project Initiation	Digital Payments – 15% to 98%	Aadhaar Enabled Payment System – 0% to 91%

Project Initiation FY23	Karnataka	Kerala
Villages	310	100
Digital Sakhis	310	100
Women Entrepreneurs	4,100	1,000
Community Members Outreached	2,26,407	60,954
IEC (Informtion, Education & Communication) Campaign Through Wall Paintings	900	150

BUSINESS PLAN COMPETITION

The Business Plan Competition organised for women entrepreneurs in East Medinipur, West Bengal, by LTF, proved to be an incredible platform for showcasing their skills and expertise. In FY23, a total of 1,000 talented women entrepreneurs were carefully chosen to participate in the competition. These aspiring entrepreneurs had the opportunity to present their well-structured business proposals to a distinguished panel of judges, consisting of seasoned business professionals and subject matter experts. The competition offered an impressive cash prize of ₹ 5.50 lakhs, which served as a significant motivation for these women, as it provided the much-needed financial support to kickstart or expand their ventures. Overall, this competition has played a pivotal role in promoting and encouraging women's entrepreneurship, empowering them to attain remarkable success in their respective businesses.

In both the states, six district-level workshops were organised, which witnessed the participation of Government officials, Non-Governmental organisations, and Media representatives. To enhance capacity building, strategic partnerships were established with organisations, such as DCC Bank, Myrada, and RSETI (Rural Development and Self Employment Training Institute). These partnerships facilitated the conduct of training programmes aimed at empowering the community members and promoting their entrepreneurial skills. The Digital Sakhi projects in Karnataka and Kerela reflects a comprehensive approach to digital empowerment and community development.

Digital Sakhi – Deepika Mohanty

"पहले तो घर से बहार निकलने पे डर लगता था और बचत और खारचे के बारे में ज़्यादा मलूम नहीं था और अब हम "डिजिटल सखी" वाली दीदी बन गए हैंङ्ग जो खुद तो आत्म निर्भर बन गई लेकिन साथ में बाकी महिलाओं को भी डिजिट रूप से और काल्पनिक रूप से साक्षर बना रही है"

"Earlier I used to be afraid of stepping out of the house and I had limited knowledge about savings and expenditure but now I am called a 'Digital Sakhi'. I have become self-reliant."

Disaster Management – Capacity Building of Water User Groups

Secondly, disaster management holds a significant focus for your Company, placing emphasis on capacity building for water user groups. Recognising the vulnerability of communities to natural calamities, your Company supports initiatives that enhance community resilience by strengthening their ability to manage and mitigate the impact of disasters. This includes providing training and resources to water user groups, enabling them to effectively respond to and recover from water-related emergencies.

The capacity building of water user groups has proven to be an instrumental approach in the effective management of water resources in Maharashtra's Osmanabad and Beed districts. Through timely training, these water user groups have been empowered to make significant contributions towards water replenishment efforts. In a remarkable achievement, over 280+ lakhs kilolitres of water has been replenished because of their enhanced knowledge and skills. This accomplishment is spread across 122 villages, underscoring the widespread impact of capacity-building initiatives. By equipping these groups with the necessary tools and techniques, the communities have collectively addressed water scarcity challenges and ensured sustainable utilisation of this precious resource. In some places, the availability of water has also helped in ensuring biodiversity.

Other Initiatives - Environmental Sustainability, Roadsafety & Healthcare

In addition to these core areas, your Company also undertakes other initiatives in the domains of environmental sustainability, road safety, and healthcare. Your Company is committed to promoting environmentally responsible practices and conservation efforts to protect and preserve the ecosystems within the communities it operates in through horticulture and other plantation projects. LTF also works towards enhancing road safety awareness and implementing measures that contribute to safer behavioural

practices. Moreover, your Company recognises the significance of healthcare and supports initiatives that promote access to quality healthcare services, particularly for senior citizens in eye health care.

Project Prakruti, initiated by your Company, is a commendable tree plantation endeavour aimed at restoring green cover and promoting sustainable agriculture. Spanning over 140 acres of arid land in Karnataka, the project has successfully planted more than 50,000 saplings using a horticulture model. Following the WADI (Orchard) development concept, the project has implemented various interventions in FY23. In the first year, activities such as farmer selection, pit digging, plantation, and maintenance were carried out. The second year shall focus on capacity building of farmers, replacing first-year mortalities, and providing training to farmers. The third year will witness the formation of collectives, the establishment of backward and forward market linkages, and other crucial steps. This scientific approach shall result in higher survival rates, enhanced farmer engagement, long-term sustainability, improved yield, and ultimately, better economic returns for all stakeholders involved. Project Prakruti stands as a shining example of the positive impact that tree plantation initiatives can have on the environment and the economy.

The Road Safety programme in Mumbai and Healthcare initiative in Nagpur, Maharashtra, have made a significant impact. The outreach efforts through 20 road safety awareness sessions have reached over 16,000 school students, helping them understand the importance of road safety and promoting safe practices. Additionally, the 100 eye camps conducted in Nagpur have benefitted more than 34,000 community members in need, providing them with essential eye care services.

By focussing on these thrust areas, your Company demonstrates its commitment to creating a positive and sustainable impact on society. The Company actively engages in initiatives that foster financial inclusion, disaster resilience, environmental sustainability, road safety, and healthcare, contributing to the overall well-being and development of communities.

CSR Communication

Your Company has effectively communicated its CSR initiatives by utilising various platforms to engage stakeholders. Through the strategic use of social media, LTF has shared over 100 posts, effectively reaching a wide audience and generating awareness about their CSR programmes. These posts have provided updates, success stories, and impact reports, allowing stakeholders to stay informed and connected with your Company's endeavours. Additionally, your Company has also employed print media, with more than 40 articles in newspapers and magazines, further extending the reach of their CSR communication. By adopting a multi-channel approach, LTF has actively involved stakeholders, fostering transparency and encouraging their active participation and support in their CSR initiatives.

CSR Impact Assessments: Brief Findings

In accordance with Rule 8(3) of the Companies (CSR Policy) Rules, 2014, LTF has conducted Social Impact Assessments for three CSR projects completed during FY21. Your Company recognized the importance of evaluating the outcomes and effectiveness of its initiatives. Your Company specifically conducted impact assessments for the Digital Sakhi project and the Integrated Water Resource Management project in Maharashtra, enlisting the expertise of an external agency for this purpose. By

engaging an external agency, your Company ensured an objective and unbiased evaluation of the social impact generated by these projects. These assessments provide valuable insights into the effectiveness and positive changes brought about by the CSR initiatives, enabling LTF to make data-driven decisions and further enhance the social impact of its projects. By adhering to the requirements set forth in the CSR policy, your Company demonstrates its commitment to transparency, accountability, and continuous improvement in its CSR endeavours.

Some of the major findings are elaborated below.
For detailed insights into Impact Assessment Reports, please visit our website www.ltfs.com

Digital Sakhi – Maharashtra

The impact assessment findings of Digital Sakhi Maharashtra (Phase 1) provide valuable insights into the project's outcomes and effectiveness. The assessment, conducted by CRISIL, aimed to evaluate the relevance of the intervention, the impact on beneficiaries and households, and the change in financial decision-making capabilities post-intervention. The project extended from FY18 to FY21 and was implemented in Pune, Osmanabad, and Solapur.

The assessment revealed that the intervention undertaken through the Digital Sakhi project was highly relevant to the needs and challenges faced by the beneficiaries. The project proficiently addressed the digital divide, empowering women with digital literacy and financial inclusion.

The impact assessment also indicated significant positive outcomes for the beneficiaries and their households. The intervention resulted in increased digital access and financial knowledge, enhancing the participant's ability to make informed financial decisions. It also led to an improvement in digital skills and confidence among the women beneficiaries, enabling them to leverage digital platforms for various transactions and services.

Moreover, the assessment noted a notable shift in the financial decision-making prowess of the beneficiaries after the intervention. Women participants exhibited increased confidence in handling financial matters, showcasing a positive impact on their overall financial independence and decision-making capabilities.

Overall, the impact assessment findings demonstrate that the Digital Sakhi Maharashtra (Phase 1) project effectively addressed the needs of the beneficiaries, generated a positive impact in terms of digital literacy, financial inclusion, and financial decision-making abilities. These findings validate the project's success in empowering women and fostering their socio-economic development in Pune, Osmanabad and Solapur.

Snapshot of Findings:

Digital Sakhis

Parameters	Baseline (FY18)	Assessment (FY22)
Adoption of Digital Payment Modes	24%	100%
Knowledge of Government Schemes	Nil	90%
Contribution to Family Income	27%	96%
Participation in Financial Decision Making	39%	70%
Sustainability of Livelihood	Nil	96%
Continued Engagement with BFSI Segment	Nil	97%

Women Entrepreneurs

Parameters	Baseline (FY18)	Assessment (FY22)
Adoption of Digital Payment Modes	24%	100%
Impact on Overall Business (Trade Volume, and Profitability, among others)	NA	87%
Contribution to Family Income	27%	100%
Participation in Financial Decision Making	39%	82%
Awareness on Access to Formal Sources of Financial Services	NA	95%

Community Members

Parameters	Assessment (FY22)
Bank Accounts	100%
Smartphones	82%
Awareness of Digital Payments	85%
Usage of Digital Modes of Payments	79%

Jalvaibhav Project - Maharashtra

The Impact Assessment findings of the Jalvaibhav project, implemented in Maharashtra, highlight the significant outcomes achieved during the project period from FY19 to FY21. The assessment, conducted by CRISIL, sheds light on the project's impact on various aspects related to water availability, biodiversity, ecological balance, and agricultural practices. The project covered 122 villages in Marathwada and its adjoining regions.

One of the major outcomes of the Jalvaibhav project was an increase in the availability of water. Through the implementation of various water conservation and management techniques, the project succeeded in augmenting water resources in the region, thereby benefitting the local communities and agriculture.

Furthermore, the project had a positive impact on biodiversity, both in terms of flora and fauna as well as the overall ecological balance. By implementing sustainable practices, the project contributed to the preservation and enhancement of biodiversity, fostering a healthier and more resilient ecosystem.

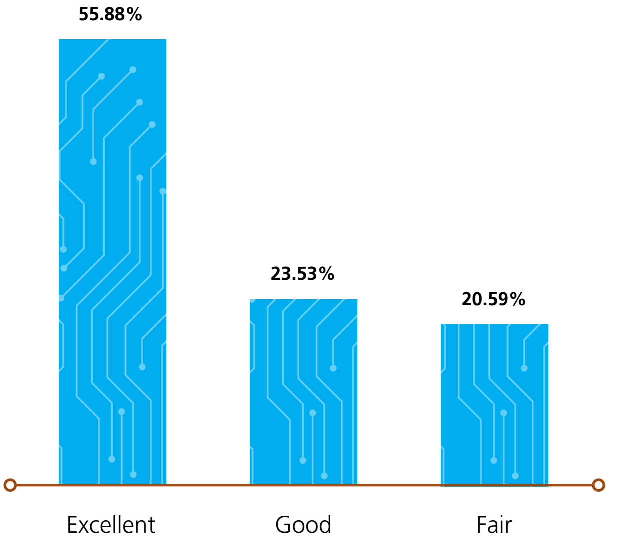
The Jalvaibhav project also focused on capacity building among farmers, equipping them with climate-resilient agricultural practices. This enabled farmers to adapt to changing climatic conditions, mitigate risks, and enhance productivity. As a result, there was an increase in production, leading to improved agricultural outcomes for the farmers involved in the project.

Overall, the Impact Assessment findings of the Jalvaibhav project demonstrate its positive and transformative impact. The project effectively addressed water scarcity, enhanced biodiversity, strengthened ecological balance, and empowered farmers with climate-resilient practices. These outcomes have contributed to sustainable development and improved livelihoods in the 122 villages of Marathwada and its adjoining regions in Maharashtra.

Snapshot of Findings:

72.55% of respondents found water harvesting structures impactful in increasing the groundwater level.

Quality of constructed rainwater storage



Many water structures were constructed in the past, but no one told us how to maintain the structures. The Jalvaibhav program involved us in the process and showed us how to maintain the structures"

- Annasaheb Vishnu Hugle, Karmala, Solapur

71.24% of farmers strongly emphasised on maintaining the water harvesting structures in their villages for a long-lasting impact on agriculture. There remains a strong accountability among the farmers to maintain the structures for the larger benefits of the community.

EMPLOYEE VOLUNTEERING - BOONDEIN

Your Company adopts a multi-faceted approach to its Employee Value Proposition (EVP) initiatives, addressing different aspects of social development and impacting various areas. The following high impact sessions were conducted:

- Storytelling session with municipal corporation school students
- Capacity building sessions on ESG with NGOs
- Life skills session with teenagers
- Digital and financial learning session for rural women

LTF's EVP initiatives demonstrate your Company's commitment to social responsibility and employee engagement. It is inspiring to see the positive impact that your Company is making in the communities it serves.

Employee Volunteering Activities in a Nutshell

No. of Volunteers: 61

No. of Volunteering hours: 171

Boondein

No. of Beneficiaries: 558

No. of NGO Partners: 8

Grievance Redressal: CSR

Your Company has implemented proactive measures to establish a CSR Grievance Redressal System within its projects. This system ensures that any grievances related to CSR initiatives, along with other grievances, are addressed in a timely and effective manner. The dedicated grievance redressal team at project site offices is responsible for receiving these grievances and directing them to the CSR division for resolution.

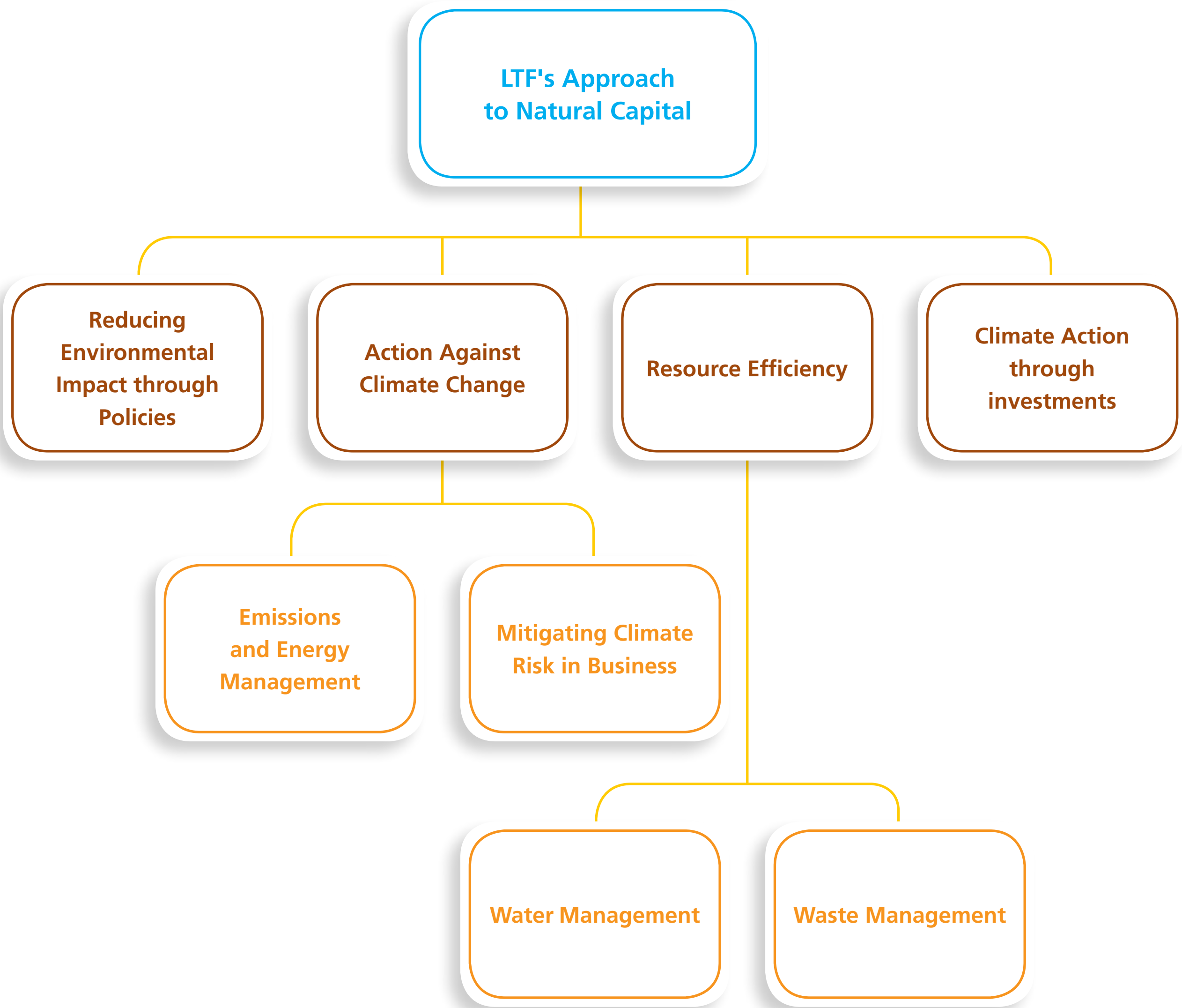
Notably, in FY23, no grievances were reported under the CSR division, indicating the effective implementation of CSR initiatives and the satisfaction of the stakeholders involved. This reflects your Company's commitment to ensuring transparency, accountability, and the smooth functioning of its CSR projects.

To facilitate communication and access, the contact details of the grievance redressal officer is published and made available on your Company's website under the CSR section. Additionally, individuals with grievances can send an email to csr@ltfs.com, and the CSR team will promptly address their queries, grievances, and complaints related to LTF's CSR projects.

By establishing a dedicated CSR Grievance Redressal System and providing clear channels of communication, LTF demonstrates its commitment to addressing concerns. It also ensures a transparent and efficient process for handling grievances in relation to its CSR initiatives.

NATURAL CAPITAL

LTF recognises the importance of natural resources as a shared resource, which is critical to society's well-being. In lines with this belief, your Company has incorporated 'Sustainable future growth through ESG' as an important pillar of its business strategy and formulated clear vision and goals towards its achievement. In its operation LTF has accelerated its efforts to reduce/optimise its natural resource consumption and neutralise it wherever possible. This has been realised through focused projects aimed at natural resource augmentation, in accordance with the UN's decade of action requiring accelerating sustainable solutions. 111x surplus water replenishment in FY23,and 30% absolute reduction in the Company's Scope 1 & 2 emissions throughout pan India operations, indicates our success and acceleration towards its Lakshya goals.



6,728 GJ
Total Renewable Energy Procured (Green Power)

~30%
Reduction in Scope 1 and 2 Emissions in FY23 over FY22

50,000+
Saplings Planted in FY23

280 lakhs KL+
Water Replenished

REDUCING ENVIRONMENTAL IMPACT THROUGH POLICIES

Your Company has in place a comprehensive Environmental Policy with the objective of upholding environmental sustainability. It is committed to delivering its products and services in an environmentally safe and responsible manner. The Policy provides a framework covering all LTF's offices, branches and companies and includes aspects on regulatory compliance, energy conservation, waste management, emissions reduction, and accurate environmental performance reporting.

Your Company is also cognizant of the environmental impact through its paper consumption and generation and disposal of E-Waste because of its significant digital infrastructure. To mitigate this, it has adopted an E-Waste Policy which guides safe and responsible disposal of E-Waste. The Policy has been developed to augment your Company's efforts as it strives to achieve zero waste to landfill and seeks to manage all IT assets in line with the E-Waste management rules.

LTF has also instituted an ESG Policy and a Sustainability Policy in line with its intent of being a sustainable institution. The ESG Policy outlines your Company's approach towards sustainability and ESG. It provides a guiding framework to manage its ESG impacts and risks and enables responsible financing oriented towards long-term value creation. Your Company has also instituted an exclusion list for activities to which it adheres to while making lending and financing decisions. This exclusion list also includes activities such as thermal and mining projects financing, among others. The Sustainability Policy has been developed to embed its core values in the organisation's culture.

Your Company has also instituted a Third-Party Code of Conduct. Through this, LTF has also extended its sustainability commitment to its vendors and suppliers.

Developing a Third-Party Code of Conduct

Extending Third-Party Code of Conduct to all existing vendors and newly onboarded vendors

Mandatory confirmation on Third-Party Code of Conduct from vendors

During FY23, your Company started assessing its suppliers on various sustainability indicators such as emissions, energy, water, waste, diversity, human rights, and corporate governance, among others.

The policies are available on the corporate website and are accessible to the public through the link: https://www.ltfs.com/csr

ACTING AGAINST CLIMATE CHANGE

The consequences of climate change, such as rising sea levels, more frequent and severe weather events, and altered precipitation patterns, have started affecting communities and businesses worldwide. As a result, climate change has become an increasingly important issue for financial institutions to address. These institutions have a critical role in financing the transition to a low-carbon economy and managing the financial risks associated with climate change. LTF takes active steps in mitigating the impact of climate change in its operations and strives to promote positive environmental impact through its lending activities. Your Company has set a Carbon Neutrality target in line with this target till 2035. It has also taken active measures to align its business activities with the goals of the Paris Agreement of keeping global warming levels well below 2°C above pre-industrial levels by 2050. Your Company has developed a Carbon Neutrality and decarbonisation strategy to reduce GHG emissions for its operations by 2035. In line with International action on Climate Change, LTF is in the process of evaluating its financed emissions and post-evaluation, intends to strategise its actions/commitments towards Net Zero as per feasibility.

Emissions Management

Your Company continuously takes measures to reduce the energy consumption on its premises, which decreases GHG emissions. Despite its limited emission impact because of its activities, it has taken initiatives to develop a comprehensive GHG inventory, monitor environmental performance and set carbon neutrality targets. The Scope 1 emissions for LTF are mainly through the fuel consumption in diesel generators (DG sets) and Company-owned vehicles. From FY23, your Company has also established systems to monitor and report the emissions from refrigerant leakages and fire extinguishers which falls under Scope 1. The Scope 2 emissions for LTF are from purchased electricity at its offices and branches. Scope

3 emission's boundary has been expanded to cover emissions from purchased goods and services, as well as upstream leased assets, in addition to business travel and paper consumption reported in the previous year.

LTF has taken significant steps to reduce the emission impact of its operations through directed steps. To reduce its Scope 1 emissions, it intends to transition towards energy generation from solar PV and switch to greener fuels for DG sets. Your Company will also phase out high Global Warming Potential (GWP) refrigerants used in ACs and fire extinguishers. LTF plans to reduce its Scope 2 emissions at its corporate offices and branches through adoption of green power and implementation of energy efficiency measures as feasible. LTF has reduced its Scope 1 & 2 emissions by ~30% by increasing its renewable power procurement. Your Company is also working towards implementing measures to reduce its Scope 3 emissions. To achieve this, it will encourage the adoption of electric vehicles, implementation of digitisation to reduce paper consumption and policy measures to reduce the emissions from business travel.

Emission Scope	Emission from	Units	FY22	FY23
Scope 1##	Fuel in DG Set	tCO_2e	49.94	2.43
	Branches	tCO_2e	37.38	48.25
	Refrigerant#	tCO_2e	282.63	297.00
	Fire Extinguisher#	tCO2e	-	39.46
Scope 2*	Electricity - Corporate Office	tCO_2e	817.25	-
	Electricity - Branches	tCO_2e	2,225.84	1,604.27
	Electricity - Rural Group Loans & Micro Finance Branches	tCO_2e	1,327.72	1,323.97
Total Emissions (Scope 1 + Scope 2)		tCO_2e	4,740.76	3,315.36
Scope 1 and 2 Intensity/Employee		tCO_2e/employee	0.19	0.12
Total Scope 1 and Scope 2 emissions per ₹ of turnover		tCO_2e/per ₹ of turnover	0.000000038	0.000000025

#For Scope 1 emissions, the boundary changed in FY23 compared to FY22. LTF also started monitoring and reporting emissions from refrigerant and fire extinguisher leakages and accordingly numbers have been changed.

The Scope 1 emissions number for FY22 was revised as the emissions from refrigerant leakages have also been accounted.

*For Scope 2 emissions, the emission factor was revised for FY23 based on Central Electricity Authority (CEA) v18.

Emissions from	Units	FY22	FY23
Business Travel	tCO_2e	709.68	1,297.76
Paper Consumption	tCO_2e	2,938.07	367.65
Upstream Leased Assets*	tCO_2e	-	54.72
Purchased Capital Goods*			2,331.79

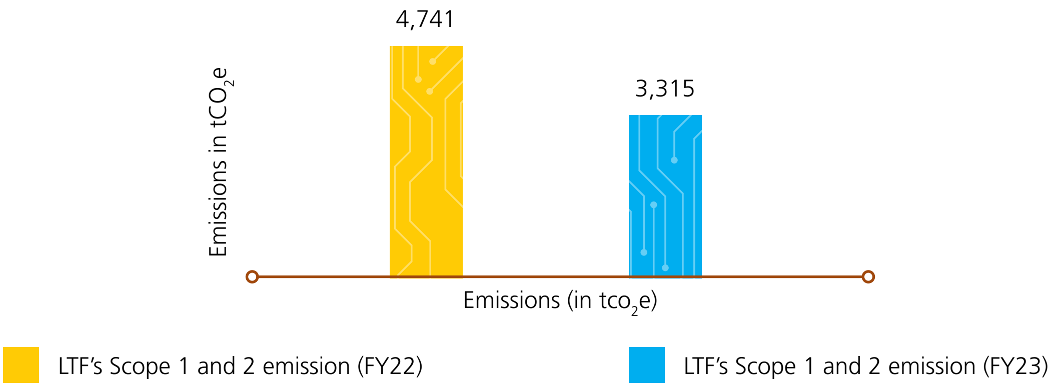
Performance Indicator	Units	FY22	FY23
Scope 3 Emissions#	tCO_2e	3,647.75	4,051.92
Scope 3 Intensity/Employee	tCO_2e	0.15	0.15
Total Scope 3 Emissions per ₹ of Turnover	tCO_2e	0.0000000296	0.0000000305

* Scope 3 Emissions included in boundary in FY23

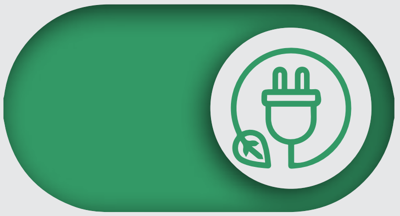
For Scope 3 emissions, the boundary was changed in FY23 compared to FY22. LTF also started monitoring and reporting emissions from upstream leased assets and purchased capital goods.

The increase in Scope 1 and Scope 3 emissions can be attributed to the increased number of branches and the expanded emission boundary for Scope 1 and Scope 3. Further the drop in Scope 2 emissions in FY23 compared to FY22 is attributed majorly to increased renewable energy consumption in the Company's operations and reduced grid electricity emission factor.

LTF's Emission Reductions



Energy Management:



Switching to Green Power

Your Company started procurement of green power for its operations. In FY23, 100% operation of its corporate office was through green power and operation of 6 more branches was further switched to green power from conventional power. The share of renewable energy in the overall energy mix increased to 30% in FY23 as compared to 4.5% in FY22.

Your Company continuously aims to improve its operation's energy efficiency, which is also a key lever of its Carbon Neutrality strategy. The Company has performed exercises in the past to identify energy consumption hotspots and has taken initiatives to manage them. These initiatives included:

- Procurement of green power at Brindavan office, Mumbai and 6 other branches in Maharashtra
- Replacement of conventional lights with LED lights
- Installment of energy-efficient ACs in offices
- Installment of inverters instead of DG sets
- Implementation of operational controls
- Installment of sensor-based lights

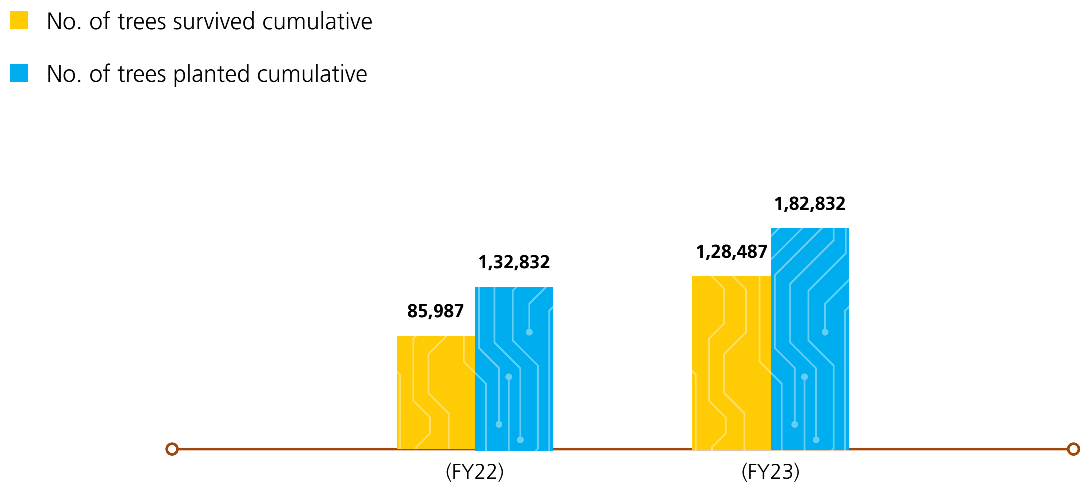
Parameter	FY22	FY23
Total Electricity Consumption (A) (Grid Electricity) – (GJ)	20,958.63	14,847.40
Total Electricity Consumption (B) (Renewable Electricity)- (GJ)	1,041.01	6,728.52
Total Fuel Consumption (C) - (GJ)	1,203.45	700.61
Energy Consumption through Other Sources (D) – (GJ)	-	-
Total Energy Consumption (A+B+C+D) – (GJ)	23,203.09	22,276.52
Energy Intensity per Rupee of Turnover (Total Energy Consumption/ Turnover in GJ/₹)	0.00000019	0. 00000017

LTF consciously decided to switch completely to green power for its corporate office in FY22 and 6 more branches in FY23. This has enabled it to save 1,327 tCO_2e emissions during FY23. The overall energy consumption decreased by 4% in FY23 compared to FY22. This can be attributed to the increase in renewable energy consumption at the corporate office and the energy conservation measures adopted at other offices.

Creating Carbon Sinks for Offsetting

Your Company took steps to offset its carbon footprint by sequestering carbon through tree plantation. LTF started its tree plantation activities in FY18 and has, since, actively increased the number of saplings planted each year. As part of its tree plantation initiative 'Project Prakruti' in FY23, your Company has invested in increasing the carbon sinks through plantations. In line with its commitment to Carbon Neutrality, your Company will continue identifying and evaluating various avenues to sequester carbon and reduce its carbon footprint.

TREE PLANTATION



Air Emissions

During FY23, LTF established systems to monitor and report on its air emissions. The air emissions for FY23 have been provided below.

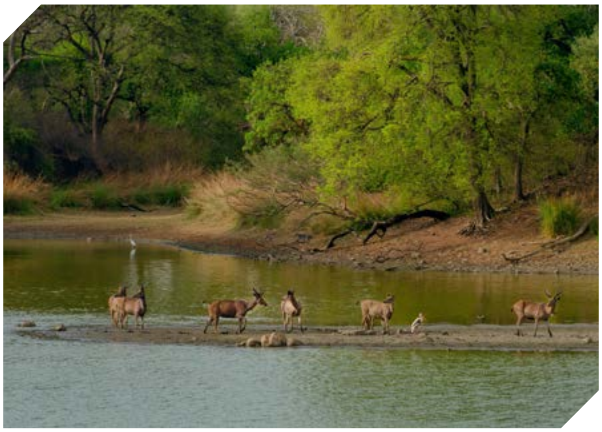
Parameter	Unit	FY23
NOx	ppmv	31.70
SOx	mg/Nm3	78.30
Particulate Matter (PM)	mg/Nm3	64.00

Mitigating Climate Risk in Business

Your Company acknowledges that climate change creates uncertainty and investment risks and presents new business opportunities. As a result, LTF incorporates environmental considerations into its Risk Management Framework, Risk Appetite Statements, and Early Warning Signals. The rural portfolio of your Company is significantly exposed to climate risks, such as changes in precipitation patterns, droughts, and extreme weather events. These factors directly affect LTF's Farm Equipment Finance and Rural Group Loans & Micro Finance business, as they impact cropping patterns. To minimise the impact of climate risks on its rural portfolio, your Company conducts detailed analysis of regions where it has significant rural exposure. They consider factors like rainfall deviation, reservoir storage, kharif and rabi sowing, and existing irrigation coverage. Additionally, LTF utilises data analytics tools to predict farmer cashflows, which helps them make informed decisions regarding physical climate risks. Apart from the rural portfolio, the Company's Infrastructure Finance portfolio is also exposed to significant climate risks. To mitigate these risks, LTF has implemented several measures. When screening and appraising loans for infrastructure projects, your Company considers environmental and climatic parameters to identify potential risks and ensure mitigation. For example, in solar projects, the strength of module mounting structures is carefully considered to minimise risks from cyclones and earthquakes. Likewise, for wind and solar projects, the quality of the turbines' piling and foundation and the module mounting structures are validated. In the case of road projects, the potential impact of drought on economic activity and traffic is assessed and incorporated into financial projections. Your Company is also assessing the vulnerability index for its portfolio on parameters such as exposure, sensitivity, and adaptive capacity to identify the vulnerability as per the location.

BIODIVERSITY IMPACT

The Company's operations are located in commercial areas across states and villages, with no manufacturing activities that have a substantial influence on biodiversity. Your Company recognises the value of biodiversity and has taken multiple measures to enhance biodiversity through various projects such as tree plantation and maintenance, and rain water harvesting structures. Your Company's project sites have witnessed the existence and blossoming of biodiversity, with frequent sightings of varied flora and fauna. The water harvesting structures have aided in the proliferation of marine life and tree plantation sites have become home to a variety of bird and animal species in addition to the carbon sequestration.



RESOURCE EFFICIENCY

Water Management

Your Company operates in many geographies in India, which also results in significant water consumption. Your Company committed to and has achieved its Water Neutrality target for FY22 and Water positive target for FY23. Your Company deployed technological solutions to enhance water efficiency, like sensor-based taps that have continued to aid water management. The Sewage Treatment Plant at the corporate office has helped in recycling of water.

LTF has also taken active measures to reduce the amount of water withdrawal and water consumption across its offices and branches. The total water consumption for FY23 was 2.51 lakhs KL as against 2.14 lakhs KL in FY22.

Performance Indicator	Unit	FY22	FY23
Total Water Consumption*	KL (in lakhs)	2.14	2.51
Total Water Replenished#	KL (in lakhs)	94.88	280.66
Water Surplus Created	KL (in lakhs)	92.74	278.15

*Increase in total water consumption in FY23 compared to FY22 was due to an increase in employees' headcount and branch expansions.
#In FY23, all 122 villages where structures for water replenishment had been created are considered vis-a-vis 90 villages in FY22. The additional 32 villages are located in Beed, a draught prone region in the state of Maharashtra. Major investment input in water replenishment structures were made in the villages of Beed, leading to proportionate increase in rain water harvested.

Replenishing Water

Your Company is cognizant of the critical nature of water availability and its role in community development. It initiated the 'Jal Vaibhav' project in 2016 to replenish water in the Marathwada region, one of India's most drought-prone areas. LTF constructed water harvesting structures in 122 villages through its integrated water resource management initiative. An independent assessment by an expert agency has confirmed a total replenishment of 280.66 lakhs KL of water during FY23. As a result of continued efforts on water conservation and replenishment, your Company achieved Water Positivity status in FY23. This has been assured by EY, an independent Assurance provider. During FY23, LTF replenished or gave back to society 111x (times) of water consumed in its operations. 278.15 lakhs KL of water surplus was created through water replenishment projects 'Jal Vaibhav'.

Waste Management

LTF continuously takes measures to reduce the amount of waste generated and disposed of. It strives towards achieving zero waste to landfill and has also developed an E-Waste policy in line with this commitment. Most of the waste generated at LTF is paper, food, and E-Waste.

E-Waste

A key strategic priority at LTF is to ease access to its services for its customers. This has been supported through significant investments in strengthening its digital infrastructure. An increase in E-Waste generation also happens subsequently due to these investments. LTF strives to achieve zero waste to landfill commitment. It has tied up with E-Waste vendors for recycling its E-Waste. This has resulted in zero E-Waste that ends up in landfill and subsequently reduces the environmental impact of its digital infrastructure. The Company also aligns its policies and waste management practices in line with the E-Waste (Management and Handling) Rules, 2011, 2016 and 2018.

Paper Waste

Your Company is cognizant of the environmental impact that arises as a result of its business activities. The paper consumption is significantly a bigger challenge in the financial services sector. However, LTF has significantly invested in upgrading its digital infrastructure to cater to its customers' needs and reduce paper consumption. Significant steps were taken on digitisation and are enumerated in detail in this report's 'Business' section. A B2C PLANET app was launched to service retail businesses and their customers. In addition, this has been supported through the procurement of certified recycled paper to decrease the environmental impact of its paper consumption.

Waste Generated Type	Unit	FY23
Dry Waste	Tonnes	15.62
Wet Waste	Tonnes	23.17
Plastic Waste	Tonnes	0.11
E-Waste	Tonnes	7.71

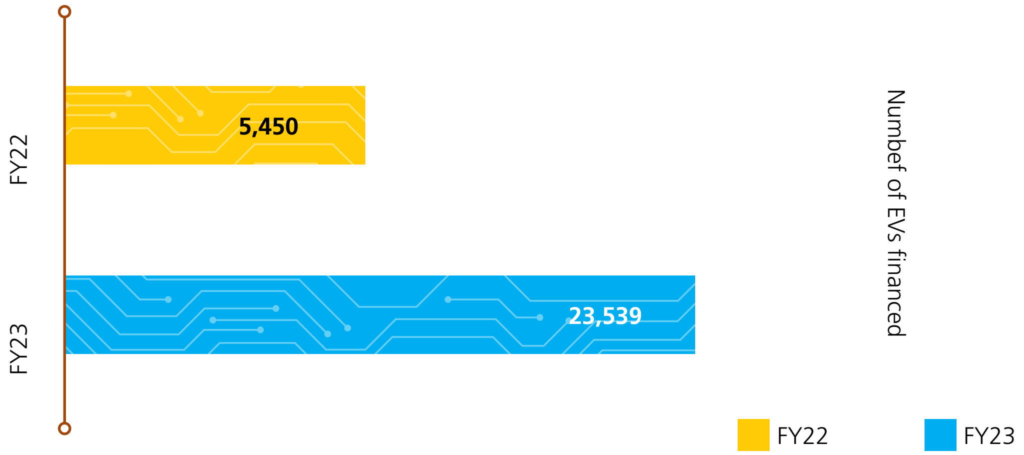
In FY23 the Company expanded its waste reporting to include dry, wet and plastic waste categories.

Waste Managed	Unit	FY23
Recycling	Tonnes	7.71
Landfilling	Tonnes	38.90

FOSTERING ENVIRONMENTAL STEWARDSHIP THROUGH LENDING

LTF is cognizant of the environmental impact of its lending activities. Your Company's product under its Urban Finance business of Electric Vehicle (EV) financing, has enabled it to offer products that support the transition from fossil fuel-based vehicles to EVs and helps in mitigating the overall emissions arising from the transportation sector. Through actively financing clean mobility as part of its Two-Wheeler Finance Business, your Company is contributing towards reducing the emissions in the transportation sector. During FY23, LTF financed 23,539 Electric Vehicles (EVs), which is a 100% increase as compared to FY22. This is in line with the national commitment of EV30@30, which is aimed at reaching 30% EV sales share by 2030. Your Company has also continued renewable energy financing and avoided more than 28.92 lakhs tCO2e emissions. Your Company is also actively taking strides to reduce the environmental impact of its lending activities by transitioning away from financial coal activities.

EVs financed by LTF



Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1.	Corporate Identity Number (CIN) of the Listed Entity	**L67120MH2008PLC181833**
2.	Name of the Listed Entity	**L&T Finance Holdings Limited**
3.	Year of incorporation	**2008**
4.	Registered office address	**Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai- 400098, Maharashtra, India**
5.	Corporate address	**Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai- 400098, Maharashtra, India**
6.	E-mail	**igrc@ltfs.com**
7.	Telephone	**+91 22 6212 5000**
8.	Website	**www.ltfs.com**
9.	Financial year for which reporting is being done	**FY23**
10.	Name of the Stock Exchange(s) where shares are listed	**BSE, NSE**
11.	Paid-up Capital (In ₹)*	**₹ 24,79,67,11,170 comprising 2,47,96,71,117 equity shares of ₹ 10 each**
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	**Name:** Apurva Rathod **Telephone:** 022 6212 5000 **Email:** igrc@ltfs.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	**Disclosures in this report are made on a consolidated basis, except wherever stated**

*Data as on March 31, 2023

14. Details of business activities (accounting for 90% of business turnover)

Description of Main Activity	Description of Business Activity	% of Turnover of the Entity
a. Retail Business b. Wholesale Business	**1. Rural Business Finance** • Rural Group Loans • Micro Finance • Vishwas Loans • Pragati Loans **2. Farmer Finance** • Farm Equipment Finance • Implement Finance • Kisan Suvidha **3. Urban Finance (Urban Individual)** • Two-Wheeler Finance • Consumer Loan • Home Loans • Loan Against Property **4. SME Finance** • Loans to Professionals • Business Loans **5. Infrastructure Finance** **6. Real Estate Finance**	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

S. No.	Product/Service	NIC Code	% of total contributed Turnover
1	The two businesses, Retail & Wholesale together contribute to more than 90% of the total turnover	64200	100%

III. OPERATIONS

16. Number of locations where plants and/or operations/offices of the entity are situated:

	Number of plants	Number of offices	Total
National	NA	1,862	1,862
International	NA	NA	NA

17. Markets served by the entity:

A. Number of locations

22*
NATIONAL (NO. OF STATES)

0
INTERNATIONAL (NO. OF COUNTRIES)

* 20 states and 2 Union Territories

B. What is the contribution of exports as a percentage of the total turnover of the entity? **NA**

C. A brief on types of customers

LTF caters to the lending requirements of rural as well as urban segments. In rural, our Farmer Finance caters to rural individuals, while for rural businesses we have Rural Business Finance (Micro Finance is a part of that). On the urban side, for urban individuals, we have 3 products - Home Loans / LAP, Consumer Loans and Two-Wheeler Finance and for urban small businesses, we have SME Finance.

IV. EMPLOYEES

18. Details as at the end of Financial Year:

A. Employees and workers (including differently abled):

S. No.	Particulars	Total No. (A)	Male (No.)		Female (No.)	
			(B)	% (B / A)	(C)	% (C / A)
	EMPLOYEES					
1.	Permanent (D)	27,506	26,507	96	999	4
2.	Other than Permanent (E)	0	0	0	0	0
3.	**Total Employees (D + E)**	**27,506**	**26,507**	**96**	**999**	**4**
	WORKERS					
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	**Total Workers (F + G)**	**NA**	**NA**	**NA**	**NA**	**NA**

B. Differently-Abled Employees and Workers:

S. No.	Particulars	Total (No.) (A)	Male (No.)		Female (No.)	
			(B)	% (B / A)	(C)	% (C / A)
	DIFFERENTLY-ABLED EMPLOYEES					
1.	Permanent (D)	4	4	100	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	**Total Differently-Abled Employees (D + E)**	**4**	**4**	**100**	**0**	**0**
	DIFFERENTLY-ABLED WORKERS					
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than Permanent (G)	NA	NA	NA	NA	NA
6.	**Total Differently-Abled Workers (F + G)**	**NA**	**NA**	**NA**	**NA**	**NA**

19. Participation/Inclusion/Representation of women

	Total No. (A)	No. and Percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	1	12.50
Key Management Personnel	3	1	33

20. Turnover rate for permanent employees and workers*#

(Disclose trends for the past 3 years)

	FY23 (Turnover rate in current FY)			FY22 (Turnover rate in previous FY)			FY21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	36%	40%	36%	59.07%	52.57%	58.81%	42.91%	35.28%	42.59
Permanent Workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

*(No. of persons who have left the employment of the entity in the FY *100) / Average no. of persons employed in the category in the FY.

#Methodology for Turnover calculation underwent a change in FY23

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/subsidiary/ associate/ joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Larsen & Toubro Limited	Holding	66.11	No*
2	L&T Finance Limited	Subsidiary	100	Yes
3	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	Subsidiary	23.36 (76.64% is held by L&T Finance Limited)	Yes
4	L&T Mutual Fund Trustee Limited	Subsidiary	100	Yes
5	L&T Financial Consultants Limited	Subsidiary	100	Yes
6	L&T Infra Investment Partners Trustee Private Limited	Subsidiary	100% held by L&T Finance Limited	Yes
7	L&T Infra Investment Partners Advisory Private Limited	Subsidiary	100% held by L&T Finance Limited	Yes
8	Mudit Cement Private Limited	Subsidiary	100% held by L&T Financial Consultants Limited	Yes
9	Grameen Capital India Private Limited	Associate	26% held by L&T Finance Limited	No#

* The holding company is an equity listed entity and accordingly has a separate BRSR

No significant influence as per Ind AS 28 and no consolidation of accounts with LTFH

VI. CSR DETAILS

22.

Whether CSR is applicable as per section 135 of Companies Act, 2013	**Yes**
Turnover	**₹ 13,301.70 Cr**
Net worth	**₹ 21,528.37 Cr**

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) *(If yes, then provide web-link for grievance redress policy)*	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes (CSR Policy) https://www.ltfs.com/csr	0	0	-	0	0	-
Investors* (other than shareholders)	Yes https://www.ltfs.com/grievance-redressal	565	0	-	0	0	-
Shareholders	Yes https://www.ltfs.com/contact-us	8	0	-	24	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) *(If yes, then provide web-link for grievance redress policy)*	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and Workers	Yes (Code of Conduct) https://www.ltfs.com/investors	0	0	-	0	0	-
Customers	Yes https://www.ltfs.com/grievance-redressal	23,439	1,459	-	10,981#	234#	-
Value Chain Partners	Yes (Third-Party Code of Conduct) https://www.ltfs.com/csr	0	0	-	0	0	-

*Holders of Non-Convertible Debentures

#Classification of customer complaints was revised and the numbers shared for FY23 & FY22 are basis the revision

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Business Ethics	Risk	**Risk** Non-adherence to and non-compliance with ethical standards can put financial institutions at risk to legal fines, penalties, damaged reputation, business disruption and erosion of trust	• Ensured internal controls are in place to strengthen compliance with the Company's Code of Conduct and applicable policies • Raised awareness and delivered trainings to internal stakeholders on ethical business practices • Institutionalised an effective whistle blower and a grievance redressal mechanism	Negative implication
2	Corporate Governance	Risk Opportunity	**Risk** Companies that do not have effective corporate governance practices are often prone to fraud and mismanagement. Poor corporate governance practices weaken the company's ability to capitalise business opportunities thereby resulting in financial losses. This may further lead to loss of shareholder confidence and trust and increased Government oversight **Opportunity** Strong corporate governance will result in increased stakeholder confidence and trust, higher ESG ratings, and stronger brand equity	• Implemented checks and balances to enable the Board of Directors to have appropriate controls and oversight responsibilities • Instituted a board structure and implemented board effectiveness measures in line with stakeholders' long-term interests	Negative implication Positive implication
3	Regulatory Compliance	Risk Opportunity	**Risk** Violations of regulatory compliance often result in legal punishment, including fines and exclusion. **Opportunity** Legal and regulatory compliance enhances organisational credibility and potential access to Government subsidies and concessions	• Created a strong ethical organisational culture with a focus on transparency and compliance • Regularly carrying out risk assessments to identify areas of potential exposure to compliance-related risks	Negative implication Positive implication

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Transparency and Disclosure	Opportunity	**Opportunity** Transparency and disclosure help build stakeholder trust, gain investor confidence and long-term business success	• Instituted a strong communication culture with both internal and external stakeholders • Periodic reporting in line with national and international frameworks/standards	Positive implication
5	Brand Reputation	Opportunity	**Opportunity** This leads to increase in customer loyalty, builds confidence in the market and helps better positioning	• Developed strong systems/ guidelines for conflict management • Adopted a 'customer-centric' approach • Factoring in customer feedback in decision making	Positive implication
6	Climate Strategy and Risk	Risk Opportunity	**Risk** Loss of physical infrastructure arising from climate change impacts **Opportunity** Design new products to finance new solutions that address 'climate-related' impacts	• Engagements with value chain partners to identify and manage climate-related risks • Installed energy efficient infrastructure, minimising resource wastage and procuring renewable energy to meet energy demands	Negative implication Positive implication
7	Return on Equity/ Return to Shareholders	Opportunity	**Opportunity** ROE is a reflection of a company's profitability, financial health and business resilience. A strong ROE helps a business attract investors, gain greater access to capital and create value for stakeholders	• Adopted a "customer centric" approach to enhance revenue • Increased operational efficiency • Explored new market opportunities • Higher corporate governance	Positive implication
8	Privacy and Data Security	Risk	**Risk** A lack of adequate and transparent data security and privacy systems can lead to dire economic and reputational losses for financial institutions and loss of customer confidence	• Implemented sound information security systems and policies to manage sensitive customer data • Trained employees on the privacy policy and information security procedures regarding the appropriate access, use, and disclosure of personal data.	Negative implication

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Occupational Health and Safety	Opportunity	**Opportunity** Adopting health and wellbeing measures can lead to improvement in employee productivity. This in the long term may lead to lower employee attrition.	• Introduced employee wellbeing measures including flexible working patterns and healthcare support. • Conducted health and safety workshops	Positive implication
10	Consumer Financial Protection	Risk	**Risk** Potential reputational and regulatory risks arising from unethical lending practices or mis-selling financial products to consumers.	• Installed procedures and programs to provide adequate, clear, and transparent information about products and service.	Negative implications
	Providing Transparent and Fair Advice to Stakeholders			• Conducted employee training on financial protection as well as sensitising them on the consequences of mis-selling financial products to consumers.	
11	Sustainable Finance	Opportunity	**Opportunity** The opportunity to offer new financial instruments allows financial institutions to develop new revenue streams and build trust amongst stakeholders. Enable alignment with impact investors and secure low-cost patient capital	• Integrated of ESG aspects and related policies in the credit/ lending decisions across business verticals • Designed sustainability themed financial products	Positive implication
12	Maintenance of Credit Ratings	Opportunity	**Opportunity** Strong credit ratings repose investor confidence in the financial strength of the company.	• Established a strong financial track record and ensured sound financial health	Positive implication
13	Data Analytics for Early Warning Signals (EWS)	Opportunity	**Opportunity** This helps improve collection efficiency (CE) and ensure fewer NPAs in the credit portfolio	• Adopted analytics-driven monitoring systems to identify weak accounts before they turn into NPAs	Positive implication

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
14	Customer Relationship Management	Risk	**Risk** Failure to provide services that satisfy customer expectations may result in lengthy and costly litigation, diminished trust with clients, and lower sales as a result	• Understood customer expectation and needs • Provided transparent information and fair advice to customers related to the product	Positive implication
15	Risk and Crisis Management	Opportunity	**Opportunity** Effective risk and crisis management is vital for company's long-term financial health	• Promoted Company-wide effective risk culture • Established structural independence of organisation's risk function • Conducted risk specific education and training for the Board of Directors and employees to ensure that they are aware of latest risk management practices and are equipped to assess and mitigate risks	Positive implication
16	Business Model Resilience	Risk	**Risk** Inability to absorb losses owing to unforeseen contingencies and sudden external shocks can lead to dire consequences to the viability of business	• Implemented sound ESG policies, protocols and processes to build a sustainable business model that can weather disturbances	Negative implications
17	Human Capital Development	Opportunity	**Opportunity** Human Capital Development enables LTF to maintain its competitive advantage and ensures that the Company has the appropriate skill set to execute the business strategy. These actions attract and retain talent, motivate employees, improve well-being, enhance productivity and foster business innovation.	• Invested in training, upskilling and reskilling the workforce. • Conducted regular performance and career development reviews considering employee expectations and aspirations	Positive implication

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
18	Impact on Rural Livelihood	Opportunity	**Opportunity** Enable last mile financial access, increase customer base, and respond to the growing number of socially conscious investors	• Increased rural finance portfolio • Conducted financial literacy sessions for rural and marginalised sections of society	Positive implication
19	Human Rights	Opportunity	**Risk** Non-adherence to human rights principles may lead to reputational damage and penalties **Opportunity** Adherence to human rights will result in an improved ability to attract, retain talent and stronger brand equity	• Ensuring compliance with international and domestic human rights standards across the value chain • Conducting human rights trainings for stakeholders	Negative implication
20	Financial Inclusion	Opportunity	**Opportunity** Opportunities for growth and strengthening market positioning in underserved markets and customer segments (e.g., rural areas, small businesses, and women entrpreneurs, among others)	• Expanded financial services to underserved markets, including small business lending • Developed innovative distribution channels and leverage digital tools to drive last mile financial access	Positive implication
21	Diversity, Inclusion and Equity	Opportunity	**Opportunity** • Ensuring diversity can enhance organisational performance because it brings together people with varying views and perspectives • This in turn leads to better talent attraction and retention, increases greater employee engagement and results in higher efficiency. This diversity results in better innovative and problem-solving skills, improves talent attraction	• Developed and regularly updating the diversity and inclusion policy and programme • Created awareness among the internal stakeholders about the Company's policy on diversity and inclusion	Positive implication
22	Policy Advocacy	Opportunity	**Opportunity** Maintaining continuous dialogue with regulators can strengthen company's credibility and market position.	• Regular engagements with regulatory bodies • Identified newly implemented regulatory norms and requirements	Positive implication

S. No.	Material identified issue	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
23	Emissions in Operations	Opportunity	**Opportunity** Efforts taken by organisations to minimise GHG emissions can aid business preparedness to mitigate risks arising from climate change.	• Regular monitoring of GHG emissions • Took measures to reduce the organisation's carbon footprint.	Positive implication
24	Local Community Development	Opportunity	**Opportunity** Ensuring goodwill with local and indigenous communities through community development initiatives and engagements can validate the organisation's social license to operate	• Conducted need assessments to identify and implement appropriate community development initiatives • Monitoring potential impact of operations on local communities	Positive implication
25	Digital Innovation	Opportunity	**Opportunity** The Company can leverage digital financial solutions and products to improve customer experience, increase operational footprint and overall productivity.	• Deployed innovative technologies and tools for enhanced efficiency for seamless customer services	Positive implication
26	Resource Efficiency	Opportunity	**Opportunity** By focussing on resource efficiency, the Company can not only improve operational efficiency but also attract environmentally conscious customers and reduce cost	• Introduced initiatives to minimise paper consumption • Implemented waste management measures such as food waste composting, waste segregation, and sewage treatment among others. • Used energy efficient appliances • Implemented water conservation measures	Positive implication
27	Global and Domestic Economy and Policy	Opportunity	**Opportunity** Contribution to policy formulation and industry research can help improve market position and increase the Company's competitive advantage.	• Actively participated and collaborated with industry peers and associations by contributing to discussions, research and policy development.	Positive Implication

For more inputs, please refer to Value Creation Section of the Integrated Annual Report

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	• https://www.ltfs.com/investors • https://www.ltfs.com/csr								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	Y ISO* 20000	-	-	-	-	Y LEED GOLD Certification, Green Certification	-	-	Y ISO27001
5. Specific commitments, goals and targets set by the entity with defined timelines, if any	Y	Y	Y	Y	Y	Y	-	Y	Y
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met	Target met	Target met	Target met	Target met	Target met	Target met	-	Target met	Target met

For more inputs, please refer to Stakeholder Engagement & Materiality Assessment Section of the Integrated Annual Report

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure):

From Managing Director & Chief Executive Officer desk;

LTF has been one of the pioneers in adopting Environmental, Social, and Governance initiatives. ESG has been identified as one of the pillars of sustainable growth in Lakshya 2026 and we continue to lead the way when it comes to inclusion of ESG in business strategy.

LTF is committed to achieving Carbon Neutrality by FY35 and has made significant strides in that direction. In addition to our corporate office, this year we have switched 6 of our branches to green power with ~30% reduction in estimated carbon footprint for FY23. We secured ₹ 585 Cr Sustainability focussed Loans and 51.5% of the Company's loan book is from low-income states - thus promoting equitable development.

*Certification received in May 2023

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9

Additionally, the Company also conducted tree plantation drives under the project 'Prakruti' that mitigates carbon footprint while providing additional livelihood opportunities to farmers. The Company is not only water-neutral today, but also water-positive.

The Company expanded its Digital Sakhi programme in new geographies of Karnataka and Kerala and with this, the project is today being successfully implemented across India. These projects will continue to empower women and communities through digital financial literacy and awareness about Government entitlement schemes. In FY23 alone, Digital Sakhis empowered more than 11 lakh people across four states through Digital Financial Literacy.

On the governance front, we have enhanced the scope of the CSR committee to include ESG and continue with our practice of focussed discussion on ESG performance at every board meeting. We have a robust tracking mechanism for the sustainability targets adopted. The Board has approved the proposed merger of the subsidiary lending entities - L&T Finance Limited and L&T Infra Credit Limited with L&T Finance Holdings Limited, the non-lending, equity-listed holding company, thus becoming a single, large, lending entity. This initiative is in line with the intent of having the 'Right Structure' leading to optimal utilisation of capital and effective utilisation of management bandwidth. However, the merger is subject to necessary statutory/regulatory approvals, for which work is in progress.

The Company's people-first collaborative culture – staying invested in talent, even as we scale our workforce to capitalise on the expanding geographies and opportunities – is integral to the success of Lakshya 2026 plan. The Company has conducted a number of learning and development sessions for our employees and organised various town halls throughout the year. A dedicated ESG learning module for employees was also rolled out in FY23.

We will continue to build an ESG conscious organisation in FY24 as well and are accelerating on the right track to achieve our ESG commitments and creating shared value.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies)

Dinanath Dubhashi

Managing Director & Chief Executive Officer

DIN: 03545900

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details

Yes, CSR & ESG Committee of the Board

Composition:

Name	Designation in Committee	Nature of Directorship
Shailesh Haribhakti	Chairperson	Independent Director
Dinanath Dubhashi	Member	Managing Director & CEO
Rajani R. Gupte	Member	Independent Director

10. Details of Review of NGRBCs by the Company:

<table>
<tr><th rowspan="2">Subject for Review</th><th colspan="9">Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee</th><th colspan="9">Frequency (Annually/Half yearly/ Quarterly/ Any other – please specify)</th></tr>
<tr><th>P 1</th><th>P 2</th><th>P 3</th><th>P 4</th><th>P 5</th><th>P 6</th><th>P 7</th><th>P 8</th><th>P 9</th><th>P 1</th><th>P 2</th><th>P 3</th><th>P 4</th><th>P 5</th><th>P 6</th><th>P 7</th><th>P 8</th><th>P 9</th></tr>
<tr><td>Performance against above policies and follow up action</td><td colspan="18">The Company has established the practice of focussed discussions on ESG performance in every quarterly Board meeting as well as through periodic newsletters. The CSR and ESG Committee reviews the ESG performance on an annual basis. ESG performance is also reviewed on a regular basis by the Company's leadership, including the Managing Director & Chief Executive Officer.
All the policies of the Company are approved by the Board/respective committees and reviewed periodically or on a need basis, but at the least, annually.</td></tr>
<tr><td>Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances</td><td colspan="18">There was no material non-compliance with respect to statutory requirements. The Company complies with the extant regulations and principles as are applicable.</td></tr>
</table>

Disclosure questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

LTF has an Internal Audit team which periodically audits the policies and processes with the help of external auditors through

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
It is planned to be done in the next financial year (Yes/No)	NA	NA	NA	NA	NA	NA	NA	NA	NA
Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of person in respective category covered by awareness programmes
Board of Directors	9	Topics covered: 1) Macro environment 2) Industry outlook 3) IT, Data Analytics & Digital 4) Information & Security Awareness 5) ESG For more inputs, please refer to the Corporate Governance Section of the Integrated Annual Report	100
Key Managerial Personnel	9	Topics covered: 1) Macro environment 2) Industry outlook 3) IT, Data Analytics & Digital 4) Information & Security Awareness 5) ESG For more inputs, please refer to the Corporate Governance Section of the Integrated Annual Report	100

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of person in respective category covered by awareness programmes
Employees other than BoD and KMPs	1,822	Topics covered: 1) KYC/AML 2) Prevention of Sexual Harassment 3) Code of Conduct 4) Anti-Corruption & Anti-Bribery Policy 5) Human Rights 6) Information & Security Awareness 7) ESG 8) Insider Trading & Securities Dealing Code For more inputs, please refer to the Human Capital Section of the Integrated Annual Report	100
Workers	NA	NA	NA

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format

   (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary				
NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	-	-	-	-
Settlement	-	-	-	-
Compounding Fee	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	-	-	-
Punishment	NA	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	NA
Name of the regulatory/ enforcement agencies/ judicial institutions	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy. – **Yes**

   The Anti-Corruption Policy addresses in detail and effectuates the Company's commitment to comply with Laws, Rules and Regulations relating to interactions with Government officials with respect to the Company's business and details certain provisions of our Code of Conduct. This Policy does not prohibit interactions with Government officials; rather, it forbids corrupt interactions with those individuals. Its purpose is to help the Company's employees identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws or create any appearance of impropriety.

   This Policy is applicable to all directors, officers, and employees, as well as all outside parties acting on behalf of LTF in India as well as in foreign jurisdiction, including but not limited to, contract workers, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners.

   The policy is available at: https://www.ltfs.com/docs/default-source/financialresult/governance/Anti-Corruption-Policy-(1)

   For more inputs please refer to Corporate Governance Section of the Integrated Annual Report

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

FY23 (Current Financial Year)

Directors	KMPs	Employees	Workers
NA	NA	NA	NA

FY22 (Previous Financial Year)

Directors	KMPs	Employees	Workers
NA	NA	NA	NA

Note: BOD's & KMP's are pertaining to LTFH only

6. Details of complaints with regard to conflict of interest:

	FY23 (Current Financial Year)		FY22 (Previous Financial Year)	
	No.	Remarks	No.	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest- **NA**

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
0	0	0

LTF aims to raise awareness among its value chain partners about the Third-Party Code of Conduct and best practices related to environmental, social, and governance (ESG) issues, including climate change, and has made it mandatory for all suppliers to adhere to and commit to it. As part of the signing of the Third-Party Code of Conduct, all vendors are made aware of LTF ESG requirements and ESG and sustainability-related policies that they need to adhere to and abide.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? **(Yes/No)** if yes, provide details of the same. – **Yes**

   As per our Code of Conduct applicable to Non-Executive Directors, the Directors cannot involve in a situation in which they may have a direct or indirect interest that conflicts or possibly may conflict with the interest of the Company. The Company follows the principle of 'no conflict of interest' while inducting a Director on its Board and strives to maintain the same throughout the Board member's tenure.

PRINCIPLE 2

Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY23 (Current Financial Year)	FY22 (Previous Financial Year)	Details of improvements in environmental & social aspects
R&D	NA	NA	NA
Capex	NA	NA	NA

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) - **Yes**

   b. If yes, what percentage of inputs were sourced sustainably?

   Sustainable sourcing of products is not a material issue for the Company, given that financial products are service-oriented and not resource-intensive in terms of materials.

   Through digitization of products & services, usage of recycled paper, green chemicals for sanitation purposes, energy efficient appliances (LED's, ACs), procurement of green power at head office and 6 other branches, the Company ensures sustainable practices through its procurement.

   In addition to this, the Company also has a Third-Party Code of Conduct highlighting ESG clauses which every value chain partner is required to abide by.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

   LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product which needs to be safely reclaimed for reusing, recycling and disposing at the end of life.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same- **NA**

Leadership Indicators

1. Has the entity conducted Life Cycle perspective/ assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format? – **NA**

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of product / service	Description of the risk / concern	Action taken
NA	NA	NA
NA	NA	NA
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Recycled or re-used input material to total material

Indicate Input Material	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Recycled Paper	21%	30%

The reduction in percentage is due to non-availability of recycled paper in markets due to macro-economic situation.

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Re-used	Recycled	Safely disposed	Re-used	Recycled	Safely disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-Waste	NA	NA	NA	NA	NA	NA
Hazardous Waste	NA	NA	NA	NA	NA	NA
Other Waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.
As a service industry (NBFC), we deliver services and do not produce any products that require packaging materials.

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total No. (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent Employees											
Male	26,507	26,507	100	26,507	100	0	-	26,507	100	0	0
Female	999	999	100	999	100	999	100	0	-	0	0
Total	**27,506**	**27,506**	**100**	**27,506**	**100**	**999**	**4**	**26,507**	**96**	**0**	**0**
Other than Permanent Employees											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

b. Details of measures for the well-being of workers:

% Of workers covered by												
Category	Total No. (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)	No. (E)	% (E / A)	No. (F)	% (F / A)
Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Other than Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	72	NA	Y	75	NA	Y

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently-abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

If not, whether any steps are being taken by the entity in this regard. **Yes**

Necessary arrangements have been made at the corporate office to provide access to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. -**Yes,** we, at LTF are committed to uphold human rights and the fundamental rights recognised by the Constitution of India throughout the organisation and its value chain. We are also committed to create and maintain a diverse and inclusive workplace providing equal opportunity. We do not discriminate in terms of recruitment, progression, terms and conditions of work and representation on the basis of personal characteristics unrelated to inherent job requirements. This includes disability, gender, race, colour, caste, creed, political opinion, sexual orientation, age, religion, social or ethnic origin, marital status, membership of workers' organisations (if any), and migrant status (legal).

The policy is available at: https://www.ltfs.com/docs/default-source/reports-policies/sustainability-other-related-policies/Human-Rights-Policy_Clean-Version

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees (FY23)		Permanent workers (FY23)	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	63%	NA	NA
Female	90%	43%	NA	NA
Total	**98%**	**59%**	**NA**	**NA**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No ***(If yes, then give details of the mechanism in brief)***
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes
Other than Permanent Employees	Yes

Employees can address their complaints and grievances through multiple channels. Employees can report any breach of Code of Conduct by sending an email to code@ltfs.com. The Code of Conduct committee comprises of senior Company officials, who investigates the complaints thoroughly. Incidents of sexual harassment can be reported by sending an email to wecare@ltfs.com. The Internal Committee, which consists of senior organisational officials/leaders, conducts appropriate investigation into the complaints as per the POSH policy. Any unethical conduct or any action that is against LTF's interests can be reported by sending an email to whistleblower@ltfs.com. The Company strives to ensure speedy resolution of grievances through various channels and ensuring confidentiality also.

For more inputs please refer to Corporate Governance & Human Capital Section of the Integrated Annual Report

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

   LTF does not have any employee associations. However, LTF respects the right to freedom of association and does not discourage collective bargaining.

Category	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Total (No.) employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total (No.) employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total Permanent Workers	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA

8. Details of training given to employees and workers:

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total No.(A)	On Health and safety measures		On Skill upgradation		Total No.(D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C/A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	26,507	24,855	94	16,122	61	23,689	13,493	57	16,408	69
Female	999	874	87	349	35	954	395	41	391	41
Total	**27,506**	**25,729**	**94**	**16,471**	**60**	**24,643**	**13,888**	**56**	**16,799**	**68**
Workers										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

9. Details of performance and career development reviews of employees and worker:

Category	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Total No. (A)	No. (B)	% (B / A)	Total No. (C)	No. (D)	% (D / C)
Employees						
Male	26,507	21,782	82	23,689	19,294	81
Female	999	794	79	954	796	83
Total	**27,506**	**22,576**	**82**	**24,643**	**20,090**	**82**
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? ***(Yes/ No)***. If yes, the coverage such system? **Yes**

- LTF has a Health & Safety Policy which has been approved by Board level CSR & ESG Committee. The policy is applicable to all offices/branches of LTF
- Various health and safety measures/initiatives for all employees have been undertaken in alignment with the policy including Stepathon, workshops on physical and mental well-being, awareness on Health & Safety programmes and benefits offered by LTF
- Periodic monitoring and review of all safety appliances like Firefighting equipment, Artificial Defibrillators, etc is undertaken
- LTF also takes up targets to strengthen the health and safety measures at the Company
- LTF is a signatory of WASH initiative
- New hires are trained on road safety during the induction

For more inputs please refer to Human Capital Section of the Integrated Annual Report

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

With employees' health & safety in mind, LTF makes sure that the workplace is designed for safety of employees. All branches have access to fire extinguishers. The Company makes sure that the fire extinguishers are properly monitored and refilled on a regular basis. The usage of fire extinguishers and other dos and don'ts in the event of a fire emergency are communicated on a regular basis. The Company has installed a Ultra Violet - C (UVC) Nanotechnology AC system at the corporate office to promote and deliver a safe and germ-free working environment for employees. Additionally, the internal Facility Management team keeps a close watch on every location to make sure that safety is not compromised. New hires are trained by experts on road safety and safety during EMI collection. A process has been developed to collect EMI in a safe manner. Ergonomic chairs and furniture are used to facilitate good posture and working conditions. The Company organised booster vaccination drives for its employees and has ensured highest levels of hygiene & sanitation.

For more inputs please refer to Value Creation & Human Capital Section of the Integrated Annual Report

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N) –**NA**

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? ***(Yes/ No)-*** **Yes**

1. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY23 Current Financial Year	FY22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Being an NBFC, there are no intrinsic workplace risks that could directly endanger people's safety in the day-to-day business activities however, safety precautions are arduously followed to keep the workplace free from fire and electrical accidents. Additionally, it is verified that the location is secure and devoid of any hazards to human health. In addition to physical safety, employee health, including that of their families, is taken into consideration. To make sure that every location is well-maintained and secure from any incidents, routine maintenance and unexpected inspections are undertaken. The Company offers medical cover to all employees and their dependents. The Company has provided for a special continued support to spouses and children of employees who have passed away. This includes educational support for spouses and children.

For more inputs please refer to Value Creation & Human Capital Section of the Integrated Annual Report

13. Number of Complaints on the following made by employees and workers:

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Filed during the year	**Pending resolution at the end of year**	**Remarks**	**Filed during the year**	**Pending resolution at the end of year**	**Remarks**
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

- Pest control for all branches is in place (excluding branches for Rural Business)
- Hygiene bins services are provided in head office & across multiple branches pan India
- Maintenance contracts are in place for safety practices in various branches

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions

The Company has been following standard operating procedures so as to comply with state/local level extant regulations and ensures safety and hygiene protocols. Necessary safety practices are being followed by employees, customers and other visitors on Company premises.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of
   (A) Employees (Y/N)- **Yes**
   (B) Workers (Y/N)-**NA**

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

   LTF implemented a Third-party Code of Conduct since FY22. The Code establishes standards and sets expectations from its value chain partners with regards to terms of ethical and responsible business practices and conduct, including inter-alia statutory compliance, governance, sustainable sourcing, environmental stewardship and socially sustainable practices. Thus, through awareness and necessary certifications, LTF ensures that statutory dues have been deducted and deposited by the value chain partners.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total No. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY23 (Current Financial Year)	FY22 (Previous Financial Year)	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Employees	0	0	0	0
Workers	NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? ***(Yes/ No)*** – **No**

5. Details on assessment of value chain partners:

   100% of active collection vendors (i.e. 359) were engaged and assessed in FY23, on governance. A survey was rolled out to the top 10% vendors by value of services of Facility & Channel Management & Information Technology functions on ESG.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

   No corrective action was necessitated during FY23.

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

   LTF believes in partnering with its various stakeholders to build shared value and uses a structured approach of stakeholder identification. The Company's stakeholders include both individuals and organisations, within and outside the Company, who are significantly impacted by its business operations. LTF's ongoing engagements are designed to determine the needs and priorities of stakeholders, communicate the Company's efforts to fulfil their expectations, and provide speedy resolution of grievances. LTF uses a variety of structured engagement channels to gain insights into stakeholder views and concerns.

   For more inputs please refer to Stakeholder Engagement & Materiality Assessment Section of the Integrated Annual Report

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website) Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	E-mail, Intranet, Website, SMS, Podcasts, Radio, What's app, Town Halls, Engagement events	Quarterly, Monthly (need based)	• Talent management • Employee engagement • Learning and development • Productivity • Work-life balance • Staff welfare and Health & Safety • Remuneration and employee benefits
Investors	No	Website, Quarterly Investor presentations, Quarterly Investor calls, Investor meetings, Non-Deal Roadshows (NDR)	Quarterly	• Market outlook • Business strategy • Operational efficiency • Long-term business performance • ESG risks and opportunities in business • Technology in business

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website) Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulators	No	E-mail, Physical Documents	Need based, as prescribed under regulations	• Compliance with rules and regulations • Corporate governance framework • Long-term business performance • Financial performance • Prudent business practices • Workforce engagement
Customers	Yes	E-mail, SMS, calls, digital avenues like chat-bot, WhatsApp, self-help website and PLANET App	Monthly, Quarterly and Annually (need based)	• Best-in-class service for customers • Effective customer grievance redressal mechanism • Maintaining customer data privacy and security • Suitability of products and service • Transparent and fair advice
Vendors and CSR Implementing project partners	No	Website, meetings, surveys	Quarterly	• Fair contractual terms and adherence thereto • Organisational ESG consciousness • Transparent, ethical and long-term business relations • Regular exchange of technical know-how
Community	Yes	Community meetings, House-hold visits	Annually, at periodic intervals as part of implementing CSR initiatives	• Stakeholder programmes to advocate sustainable customer behaviour • Digital financial inclusion • Advocacy of best practices • Public policy advocacy • Disaster management • Road safety • Integrated water resource management • Sustainable Livelihood through tree plantation

For more inputs please refer to Stakeholder Engagement & Materiality Assessment Section of the Integrated Annual Report

Key concerns or topics raised by various stakeholders are considered, and if found relevant, necessary actions are taken including amendments to the policies

Leadership Indicator

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   a) The management team of your Company regularly interacts with various stakeholders at periodic intervals through varied means to gather insights as well as seek their feedback and inputs on pertinent issues. The insights / feedback / inputs so received are presented to the Board as well as its Committees through various means like incorporating them in the policy framework, presenting the same to the Board / its Committees at their meetings, carrying out process improvements, etc.

   b) In addition to the aforesaid, Board members also interact with customers directly during the branch visits conducted by them. The Chairperson of the Audit Committee independent interacts with the auditors and rating agencies and provides the feedback to the Board. Thus, there exits a strong process on consultation with the stakeholders and keeping the Board aware of the insights / feedback / inputs.

   For more inputs please refer to Corporate Governance Section of the Integrated Annual Report

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Yes. LTF employs third party consultations on various critical initiatives who in turn engage with various stakeholders to deliver responsible solutions. For eg., Oliver Wyman, a third-party consultant reviewed the Risk Management Framework and business practices leading to refreshing the Risk appetite statement in FY23. External consultant has been onboarded to provide consultancy on issues regarding ESG and especially on climate change.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   Through its Rural Business Finance, Farmer Finance and Two-Wheeler Finance, LTF has been able to meet the needs of the vulnerable and marginalised group.

   Despite pandemic crises, LTF has been able to successfully reach out to communities in all feasible ways. We continued steadfast in our efforts towards enabling marginalised communities and pursuing Sustainable Development Goals through our CSR initiatives as well.

   For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

PRINCIPLE 5

Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Total No. (A)	No. of employees / workers covered (B)	% (B / A)	Total No. (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	27,506	21,007	76	24,643	18,105	73
Other than Permanent	0	0	0	0	0	0
Total Employees	**27,506**	**21,007**	**76**	**24,643**	**18,105**	**73**
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than Permanent	NA	NA	NA	NA	NA	NA
Total Workers	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total No. (A)	Equal to Minimum Wage		More than Minimum Wage		Total No. (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent	27,506	1,075	4	26,431	96	24,643	106	0.43	24,537	99.57
Male	26,507	1,047	4	25,460	96	23,689	102	0.43	23,587	99.57
Female	999	28	3	971	97	954	4	0.42	950	99.58
Other than Permanent	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Workers										
Permanent	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Category	FY23 (Current Financial Year)					FY22 (Previous Financial Year)				
	Total No. (A)	Equal to Minimum Wage		More than Minimum Wage		Total No. (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Other than Permanent	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

3. Details of remuneration/salary/wages, in the following format:

Category	Male		Female	
	No.	Median remuneration/ salary/ wages of respective category	No.	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	NA*	1	NA*
Key Managerial Personnel	2	₹ 8,38,68,413	1	NA#
Employees other than BoD and KMP	26,505	₹ 3,13,719	998	₹ 3,30,025
Workers	NA	NA	NA	NA

Note: Details of BOD & KMP pertain to LTFH only, whereas employees include details across LTF.

*Only Executive Director(s) considered. During the year, there was only one Executive Director on the Board of the Company

#Only one employee and hence not applicable

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? **(Yes/No) – Yes**

   Adherence of Human Rights is critical and basic requirement at LTF. The Code of Conduct for employees covers all ethical and responsible business conduct. Any violation to the Code of Conduct can be reported to the Code of Conduct Committee. The violations can be reported by writing a mail to **code@ltfs.com**.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

   LTF derives its principles and values from its parent company, the L&T Group. This includes respecting honest, ethical, and professional standards of behaviour as well as respect for human values and individual dignity. The Company has put in place a Code of Conduct to ensure that employees are actively guided by these principles and follow them. The Code of Conduct outlines what is expected from employees in terms of professionalism, information exchange, and vendor interactions. The training for the Code of Conduct is part of the onboarding process for new employees. Every year, existing non-frontline staff are required to complete the Code of Conduct learning programme and pass the post-training exam. It is a standard practice to conduct awareness campaigns to educate employees on appropriate behaviour in the workplace and ways to express concerns.

   Any incident that results in violation of this code can be reported by employees through code@ltfs.com to convey their concerns/issues.

   For more inputs please refer to Corporate Governance Section of the Integrated Annual Report

6. Number of Complaints on the following made by employees and workers:

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	1	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.
   a) LTF is committed to creating a safe working environment for employees and maintains zero tolerance towards any kind of workplace harassment. The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, the Company has constituted an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where complaints in the nature of sexual harassment can be registered. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.
   b) LTF has set up a dedicated email address (wecare@ltfs.com) where employees can report instances of sexual harassment. The Internal Committee only has access to this email box, ensuring that the complainant's privacy is safeguarded and confidentiality is maintained. An external member serves on the Internal Committee to ensure a fair assessment.
   c) In FY22, a single case was reported, and it was resolved within the year, while in FY23, no cases were reported.
8. Do human rights requirements form part of your business agreements and contracts? **(Yes/No)- Yes**
9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third-parties)
Child Labour	0
Forced/Involuntary Labour	0
Sexual Harassment	0
Discrimination at workplace	0
Wages	0
Others – Please Specify	0

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. – **NA**

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

   No significant complaints were substantiated

2. Details of the scope and coverage of any Human rights due-diligence conducted.

   LTF performs due diligence on the investment or project for all financing operations funded by AIIB and IFC funds to ensure compliance with relevant environmental, health, safety, and social laws, rules, and standards, as well as international treaties. Throughout the loan term, periodic reviews are also carried out.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016? **– Yes**, corporate office is PWD friendly

4. Details on assessment of value chain partners:

   100% of active collection vendors (i.e. 359) were engaged and assessed in FY23, on governance. A survey was rolled out to the top 10% vendors by value of services of Facility & Channel Management & Information Technology functions on ESG.

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0
Discrimination at workplace	0
Child Labour	0
Forced Labour/Involuntary Labour	0
Wages	0
Others – Please Specify	0

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   LTF expects its value chain partners to adhere to the same values, business ethics and ESG standards promoted by the Company. Compliance with the Third-Party Code of Conduct forms an integral part of loan agreements and other value chain agreements. All projects financed by the Company are required to comply with a strict exclusion list which inter-alia includes "forced labour or exploitative forms of child labour".

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total electricity consumption (A) (in GJ)	21,575.92	21,999.6
Total fuel consumption (B) (in GJ)	701	1,203.45
Energy consumption through other sources (C) (in GJ)	-	-
Total energy consumption (A+B+C) (in GJ)	**22,277**	**23,203**
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees) (GJ/₹)	0.00000017	0.00000019
Energy intensity (optional) – the relevant metric may be selected by the entity (GJ/FTE)	0.81	0.94

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Ernst & Young Associates LLP.**

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. - **No**

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Water withdrawal by source (in kilo litres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	2,50,812	2,14,000
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (In kilo litres) (i + ii + iii + iv + v)	**2,50,812**	**2,14,000**
Total volume of water consumption (In kilo litres) *	**2,50,812**	**2,14,000**
Water intensity per rupee of turnover (Water consumed / turnover) (kilo litres / ₹)	0.0000019	0.0000017
Water intensity (optional) – the relevant metric may be selected by the entity (kilo litres / FTE)	9.12	8.68

* Increase in total water consumption in FY23 compared to FY22 was due to an increase in employees' headcount and branch expansion

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Geoexterra & Assurance by Ernst & Young Associates LLP.**

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. – **No**

   Currently we don't have a Zero Liquid Discharge (ZLD) mechanism in place but, we have a STP installed at corporate office through which we use the treated water for gardening purposes, and rest is directed to municipal sewers.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
NOx	ppmv	31.7	-
SOx	mg/Nm3	78.3	-
Particulate matter (PM)	mg/Nm3	64	-
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Ernst & Young Associates LLP.**

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	387.13	87.32*
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	2,928.24	4,370.81
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO_2e/₹	0.000000025	0.000000036
Total Scope 1 and Scope 2 emission intensity *(optional)* – the relevant metric may be selected by the entity	tCO_2e/FTE	0.12	0.18

* Scope- 1 data for FY22 was rebased. Please refer to Natural Capital Section of Integrated Annual Report FY23

Note: For Scope 1 emissions, the boundary changed in FY23 compared to FY22. LTF also started monitoring and reporting emissions from refrigerant and fire extinguisher leakages and accordingly numbers have been changed. For Scope 2 emissions, the emission factor was revised for FY23 based on Central Electricity Authority (CEA) v18.

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Ernst & Young Associates LLP.**

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details. – **Yes**

- The Company's decarbonisation plan is focussed on energy efficiency initiatives and switching to green power wherever feasible
- The Company has deployed several technological solutions which helps it in reducing its energy consumption. Some of the methods are- Installation and use of energy-efficient equipment such as sensor-based lighting in office locations, Variable Frequency Drives (VFDs) for air handling units, use of LED lights and energy efficient ACs in offices, ATC system for maintenance of chillers, setting up inverters in place of DG sets to reduce its carbon emission and electric car charging facilities in corporate offices
- In FY23, corporate office operations were 100% powered by renewable energy, and six additional branch operations were switched to green power
- The Company has taken up the initiatives of tree plantation through its "Project Prakruti" to sequester carbon
- A total sequestration of 547 tCO_2e up until the end of FY23 has been verified by an independent assessment by an expert agency, which was also examined and assured by Ernst & Young Associates LLP
- As part of its goal to being carbon neutral, the Company will keep looking for and analyse new ways to store carbon and reduce its carbon footprint

For more inputs please refer to Natural Capital Section of the Integrated Annual Report

8. Provide details# related to waste management by the entity, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	0.11	0
E-waste **(B)**	7.71	3.15
Bio-medical waste **(C)**	0	0
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	0	0
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)**	0	0
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	38.80	0
Total (A + B + C + D + E + F + G + H)	**46.61**	**3.15**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	7.71	3.15
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	**7.71**	**3.15**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	38.90	0
(iii) Other disposal operations	0	0
Total	**38.90**	**0**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? If yes, name of the external agency- **Yes, Ernst & Young Associates LLP**

The waste data reported for FY23 is only for corporate office. It does not include branches.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Being an NBFC that offers services, no hazardous or toxic chemical are generated in products and processes. The Company generates two major categories of waste, i.e., paper waste and e-waste. In particular, the E-waste management and handling guidelines of 2011, 2016, and 2018 are followed by the Company while managing all of its IT assets. The Company's ability to responsibly collect and dispose of e-waste is aided by a centralised policy on e-waste management that is applicable to all LTF offices and branches. The Company conducts routine corporate and zonal-level initiatives to collect e-waste and dispose of it with a registered recycler. This guarantees that all of the Company's electrical waste is recycled and never ends up in a landfill. With respect to paper waste, the Company has taken up multiple efforts to reduce its paper consumption. By its initiative of bringing digitalisation in its business, the consumption of paper has significantly reduced. The Company's continuous efforts have resulted in reduction in its desktop stationary.

For more inputs please refer to Natural Capital Section of the Integrated Annual Report

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any
	NA	NA	NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web-link
NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	NA	NA	NA	NA
	NA	NA	NA	NA

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) (in GJ)	6,728.5	1,041.0
Total fuel consumption (B) (in GJ)	-	-
Energy consumption through other sources (C) (in GJ)	-	-
Total energy consumed from renewable sources (A+B+C) (in GJ)	**6,728.5**	**1,041.0**
From non-renewable sources		
Total electricity consumption (D) (in GJ)	14,847.4	20,958.6
Total fuel consumption (E) (in GJ)	700.6	1,203.5
Energy consumption through other sources (F) (in GJ)	-	-
Total energy consumed from non-renewable sources (D+E+F) (in GJ)	**15,548.0**	**22,162.1**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Ernst & Young Associates LLP**

2. Provide the following details related to water discharged:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilo litres)		
(i) To Surface water	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilo litres)	-	-

3. Water withdrawal, consumption and discharge in areas of water stress (in kilo litres)- **NA**

   For each facility / plant located in areas of water stress, provide the following information:

   (i) Name of the area

   (ii) Nature of operations

   (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Water withdrawal by source (in kilo litres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (In kilo litres)	**NA**	**NA**
Total volume of water consumption (In kilo litres)	**NA**	**NA**
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA
Water discharge by destination and level of treatment (in kilo litres)		
(i) Into Surface water	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA

Parameter	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
(ii) Into Groundwater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilo litres)	**NA**	**NA**

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Scope 3 emissions* (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	4,051.92	3,647.75
Total Scope 3 emissions per rupee of turnover	tCO2e/₹	0.0000000305	0.0000000296
Total Scope 3 emission intensity *(optional)* – the relevant metric may be selected by the entity	tCO2e/FTE	0.15	0.15

* For Scope 3 emissions, the boundary was changed in FY23 compared to FY22. LTF also started monitoring and reporting emissions from upstream leased assets and purchased capital goods

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **Yes, Ernst & Young Associates LLP**

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. **NA**

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Green Power	Implemented at its corporate office (Kalina) and 6 other branches (Mahape, Belapur, Boisar, Goregaon, Thane and Borivali)	Reduction of Carbon dioxide emissions. Also, environmentally friendly and lowers rate of climate change
2	Replacement of conventional lighting with LEDs	Implemented across all offices	Reduction in energy consumption
3	Energy efficient ACs	Implemented at Corporate Office (Kalina)	Reduced energy consumption
4	Automatic Tube Cleaning System	Installed at Corporate Office (Kalina)	Reduced power use, so a pump does not need to run continuously. Eliminated accumulation, residue, and foulant instead of using toxic materials
5	Recycled Paper Reams	Pan India - LTF uses recycled papers for printing documents	Using recycled paper reduces the need to cut down trees, protecting natural resources. Recycling paper decreases air pollution from combustion and frees up landfill space.

For more inputs please refer to Natural Capital Section of the Integrated Annual Report

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link. – **Yes**

   LTF has created an efficient IT-BCP governance structure and an Information Technology Business Continuity Plan (BCP) strategy. For testing databases, servers, information systems, and processes that handle personal data, it has developed sufficient IT BCP and IT Disaster Recovery (DR) procedures. Additionally, it regularly evaluates the risks associated with its operations, information systems, and outside parties, including audits of its buildings and IT infrastructure. A business impact study is done on the important applications after they have been identified.

   LTF has established detailed processes to identify, monitor, and mitigate IT security risks. LTF's digital platform has a 3-tier security architecture with in-built disaster recovery and multiple layers of defence for IT networks, websites, applications, database and user laptops / desktops, for protection from service attacks, ransomware and malware.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

   No significant adverse impacts have been identified from the value chain of the entity

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts- **NA**

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/associations. – **7**

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Co-Chair, NBFC Committee, FICCI	National
2	Economists' Forum – FICCI	National
3	Western Region's CEO-Economists Forum, CII	National
4	Academic Advisory Council of Reserve Bank of India	National
5	Honorary fellow of Indian School of Political Economy, Pune	National
6	Editorial Advisory Board for Bank Quest Journal of Indian Institute of Banking & Finance	National
7	CII WR Sub-Committee on Corporate Governance	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA
NA	NA	NA

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web-Link, if available
1	The Company has made several representations to various authorities on practical challenges faced in implementation of the regulatory requirements.	As a proactive measure, the Company provides various suggestions / proposals along with the necessary rationale to the regulators on various consultation papers floated from time to time prior to them becoming effective in the form of a statue. An update on the representations made to the regulatory authorities is placed before the Board along with other regulatory changes that currently impact / would impact the Company along with necessary synopsis.	No	Quarterly	-

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web-link
Digital Sakhi -Maharashtra (Phase I) Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis and inclusion of 1000 women (micro-entrepreneurs) in digital payments space	SIA/01/2022-23	August 23, 2022	Yes	Yes	https://www.ltfs.com/
Jalvainbhav 1 - Integrated Water Resource Management (IWRM) Improve the crop yield for the marginalized farmers in the semi-arid regions through IWRM, reaching to 15,000 farmers from 30 villages of Solapur, Latur and Osmanabad	SIA/01/2022-23	August 23, 2022	Yes	Yes	https://www.ltfs.com/
Jal Vaibhav 2 - Integrated Water Resource Management (IWRM) Improve the crop yield for the marginalized farmers in the semi-arid regions through IWRM, reaching to 30,000 farmers from 60 villages of Aurangabad, Jalna and Buldhana	SIA/01/2022-23	August 23, 2022	Yes	Yes	https://www.ltfs.com/

For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: NA

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
	NA	NA	NA	NA	NA	NA

3. Describe the mechanisms to receive and redress grievances of the community.

LTF has taken steps to ensure that its CSR projects are conducted in a responsible and transparent manner, and that community members and stakeholders have the opportunity to participate in the process. Developing a grievance redressal system illustrates the Company's commitment to accountability and transparency when it comes to dealing with any concerns or complaints regarding CSR projects / programs. It further demonstrates the Company's commitment to improving its CSR practices and maintaining positive relationships with stakeholders.

Concerns or questions regarding the CSR programme(s) should be addressed to csr@ltfs.com.

For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Pointers	FY23	FY22
Directly sourced from MSMEs/ small producers	As a financial services organisation, LTF does not require any substantial input material to conduct business. LTF strives to source materials from MSMEs/ Local suppliers wherever possible	As a financial services organisation, LTF does not require any substantial input material to conduct business. LTF strives to source materials from MSMEs/ Local suppliers wherever possible
Sourced directly from within the district and neighbouring districts	As a financial services organisation, LTF does not require any substantial input material to conduct business. LTF strives to source materials from MSMEs/ Local suppliers wherever possible	As a financial services organisation, LTF does not require any substantial input material to conduct business. LTF strives to source materials from MSMEs/ Local suppliers wherever possible

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
No negative impact(s) identified in SIA	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies

S. No.	State	Aspirational District	Amount spent (In ₹)
1	Odisha	Balangir	79,17,933

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised /vulnerable groups? (Yes/No)- **No**

   (b) From which marginalized /vulnerable groups do you procure- **NA**

   (c) What percentage of total procurement (by value) does it constitute- **NA**

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: **NA**

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved. **NA**

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalised groups
1	Digital Sakhi, West Bengal	7,53,185	70%
2	Digital Sakhi, Odisha	82,707	80%
3	Digital Sakhi, Karnataka 1	1,52,209	50%
4	Digital Sakhi, Karnataka 2	74,198	50%
5	Digital Sakhi, Kerala	60,954	50%
6	Road Safety Campaign for public at large	16,264	Not Applicable
7	Healthcare	36,341	50%
8	Capacity building of water user groups	3,081	100%
	Total	11,78,939	-

For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

PRINCIPLE 9

Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   There are multi-layered grievance redressal mechanisms hosted on channels like mails, calls, website and Planet App through which the consumer complaints are received and responded. All the complaints received through these channels are captured and actioned through a CRM system. The Company has a Grievance Redressal officer (GRO). An Internal ombudsman to deal with customer complaints has also been appointed in line with the RBI guidelines.

   For more inputs please refer to Manufactured & Intellectual Capital Section of the Integrated Annual Report

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about-

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following

	FY23 (Current Financial Year)			FY22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services*	23,439	1,459	-	10,981	1	-
Restrictive Trade Practices	0	0	-	234	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

*Classification of customer complaints was revised and the numbers shared for FY23 & FY22 are basis the revision

4. Details of instances of product recalls on account of safety issues-

	Number	Reasons for recall
Voluntary recalls	NA	
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy?

   Yes, (The policy is available at: https://www.ltfs.com/privacy-policy)

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

The Company, to address the key issues has implemented below key changes to enhance customer experience & satisfaction:

- Auto Tagging of issue types classified as "complaints" under "High priority" and the remaining interactions under "High" and "Medium" category basis case origin
- Process of customer grievance acknowledgement process is revamped
- Complaint closure SMS benchmarked & revamped
- Governance mechanism deployed to review root cause of top complaints; process controls to address gaps and thereby avoid future issues
- Specialised Central Resolution Team being put in place to exclusively manage customer grievances
- Comprehensive Quality Control mechanism deployed to improve efficiency of resolutions; audit & training of outsourced partners and internal stakeholders
- Instituted system-based controls in the CRM which disallows the closure of any unresolved complaint
- Workflows for top 9 complaints with 84% volume is being completely redesigned

For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

Leadership Indicators

1. Channels/platforms where information on products and services of the entity can be accessed (provide web-link, if available).

   Information about LTF's products and services are available on its website. (www.ltfs.com)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

   The business proactively promotes educational programmes to empower and help customers make wise financial decisions. The Company has mechanisms in place to ensure that every customer is always provided sufficient information about every product. The Company has created a customer awareness training session for their benefit and made it publicly available on its website (www.ltfs.com). Throughout the year, LTF engaged in a variety of social media initiatives to raise customer awareness. These include content on financial literacy, driving safety, health, and environmental preservation, and others.

   LTF has launched a risk awareness mascot "Sachet Kumar" to educate customers and employees on fraud trends and how to stay protected from the same. Sachet Kumar's campaign, "Jaankar Baniye Savdhaan Rahiye" is committed to encourage people to practise secure financial transactions and digital safety habits. It motivates people to stay vigilant by keeping them informed about the modus operandi of fraudsters and shares tips to mitigate digital and other fraud attempts.

   For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

   The Company has developed a customer awareness training module and made the same available publicly on its website (www.ltfs.com) for the benefit of its customers.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No) – **Yes**

To empower and assist clients to make wise financial decisions, the Company proactively launches educational activities. The Company has mechanisms in place to guarantee that all clients are always given enough information about all products. For the benefit of its clients, the Company created a customer awareness training module and made it publicly accessible on its website (www.ltfs.com). LTF ran a variety of social media efforts for customer awareness and sensitisation during the year. These contain, among other things, articles on financial literacy, driving safety, health, and environmental preservation.

5. Provide the following information relating to data breaches:
    a. Number of instances of data breaches along-with impact - **0**
    b. Percentage of data breaches involving personally identifiable information of customers - **0**

    For more inputs please refer to Social & Relationship Capital Section of the Integrated Annual Report

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

EY
Building a better working world

Independent Assurance Statement

The Management and Board of Directors
L&T Finance Holdings Limited
Mumbai, India

Scope
We have been engaged by L&T Finance Holdings Limited to perform independent limited assurance, as defined by International Standards on Assurance Engagements (ISAE 3000), hereafter referred to as the engagement, to report on L&T Finance Holdings Limited specific key performance indicators in regard to efforts for water positivity and carbon sequestered (the "Subject Matter") in Integrated Annual Report for the period from 01st April 2022 to 31st March 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information

Criteria applied by L&T Finance Holdings Limited
L&T Finance Holding Limited Reports the specific KPIs values, developed on the basis of its own Standard Operating Procedures (SOPs) which were specifically designed for Integrated Annual Report FY23; As a result, the subject matter information may not be suitable for another purpose.

L&T Finance Holdings Limited Responsibilities
L&T Finance Holdings Limited management is responsible for selecting the Criteria, and for presenting the Integrated Annual Report FY23 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). The terms of reference for this engagement as agreed with L&T Finance Holdings Limited on 14th November 2022. The Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a

EY
Building a better working world

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Integrated Annual Report and related information and applying analytical and other appropriate procedures

Our procedures included:

- Conducted interviews with select personnel at various units and corporate teams to understand the process for collecting, collating, and reporting the subject matter as per specific key performance indicator value for FY 2022-23
- Undertook analytical review procedures to support the reasonableness of the data through consultations with the site team and sustainability team;
- Review of relevant data, on a selective test basis, for the following units/ locations, through consultations with the site team and sustainability team
    - Beed District, Maharashtra (India) for Carbon Sequestration and water replenishment
    - Osmanabad District, Maharashtra (India) for water replenishment
    - Solapur District, Maharashtra (India) for water replenishment
- Review of data on a sample basis, at the above-mentioned locations, the following specific key performance indicators pertaining to water consumption (303-5) GRI 305-1 (Direct (Scope 1 Emissions) and GRI 305-2 (Indirect (Scope 2) Emissions),
    - Water Credit (Amount of water replenished through multiple community interventions undertaken by L&T Finance Holdings
    - Water Debit (Amount of water consumption including domestic usage at Head Office, Branches, and meetings centers by L&T Finance Holdings
    - Total quantity of Carbon sequestered through plantation
    - Total emission of Carbon (Scope 1 and Scope 2) as per GRI 305-1 (Direct (Scope 1 Emissions) and GRI 305-2 (Indirect (Scope 2) Emissions)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in the collection, transcription, and aggregation processes followed.

Ernst & Young Associates LLP is a Limited Liability Partnership with LLP identity No. AAB-4321
Regd. Office: 6th Floor, Worldmark – 1, Asset Area 11, Hospitality District, Indira Gandhi International Airport, New Delhi – 110037, India.

EY
Building a better working world

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Emphasis of matter

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2022 to 31st March 2023)
- Data and information on the economic and financial performance of the Company
- Data, statements, and claims already available in the public domain through Annual Report, Integrated Report, or other sources available in the public domain
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim, or future intention provided by the Company
- The Company's compliance with regulations, acts, and guidelines with respect to various regulatory agencies and other legal matters

Our Conclusion

On the basis of our review scope and methodology to obtain assurance as per ISAE 3000 standard, nothing has come to the attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the Company's reporting principles and criteria.

Restricted use: This report is intended solely for the information and use of L&T Finance Holdings Limited and is not intended to be and should not be used by anyone other than L&T Finance Holdings Limited.

For and on behalf of Ernst & Young Associates LLP

Chaitanya Kalia
June 8, 2023
Mumbai, India

Ernst & Young Associates LLP is a Limited Liability Partnership with LLP identity No. AAB-4321
Regd. Office: 6th Floor, Worldmark – 1, Asset Area 11, Hospitality District, Indira Gandhi International Airport, New Delhi – 110037, India.

Ernst & Young Associates LLP
5th Floor, Block B2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Building a better working world

Independent Assurance Statement

The Management and Board of Directors
L&T Finance Holdings Limited
Mumbai, India

Scope
We have been engaged by L&T Finance Holdings Limited to perform Independent Limited assurance, as defined by International Standards on Assurance Engagements (ISAE 3000), hereafter referred to as the engagement, to report on L&T Finance Holdings Limited BRSR (Business Responsibility and Sustainability Report) Report (the "Subject Matter") for the period from 01st April 2022 to 31st March 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information

Criteria applied by L&T Finance Holdings Limited
In preparing the Business Responsibility and Sustainability Report (BRSR) FY 23, L&T Finance Holdings Limited applied Securities and Exchange Board of India (SEBI) BRSR guidelines. As a result, the subject matter information may not be suitable for another purpose.

L&T Finance Holdings Limited Responsibilities
L&T Finance Holdings Limited management is responsible for selecting the Criteria, and for presenting the Business Responsibility and Sustainability Report (BRSR) FY 23 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error

EY's Responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). The terms of reference for this engagement as agreed with L&T Finance Holdings Limited on 16th January 2023. The Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained

Building a better working world

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Business Responsibility and Sustainability Report (BRSR) FY 22 and related information and applying analytical and other appropriate procedures

Our procedures included:

- Conducted interviews with select personnel at corporate teams to understand the process for collecting, collating, and reporting the subject matter as per Standards and Securities and Exchange Board of India (SEBI) BRSR guidelines;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data through consultations with the site team and sustainability team;
- Review of relevant data, on a selective test basis, for the following units/ locations, through consultations with the site team and sustainability team
- Review of data on a sample basis, at the above-mentioned locations, pertaining to the following disclosures of the BRSR Guidelines:
  - Environmental Topics: Energy (P6.1, P6.9), Water (P6.2), Emissions (P6.4, P6.12), Waste (P6.5);
  - Social Topics: New employee hires and employee turnover (General disclosure), Unions of associations (P3.5), Performance and Career Development Reviews (P3.7), No. of CSR projects in aspirational districts (P8.4), Total beneficiaries of CSR Projects (P8.6)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in the collection, transcription, and aggregation processes followed.
- Review of the Company's plans, policies, and practices, pertaining to their social, environmental, and sustainable development, to be able to make comments on the fairness of and Integrated Reporting;
- Review of the Company's approach towards materiality assessment disclosed in the Report to identify relevant issues;
- Review of select qualitative statements in various sections of the Business Responsibility and Sustainability Report (BRSR) FY 23.

We also performed such other procedures as we considered necessary in the circumstances

Ernst & Young Associates LLP is a Limited Liability Partnership with LLP identity No. AAB-4321
Regd. Office: 6th Floor, Worldmark – 1, Asset Area 11, Hospitality District, Indira Gandhi International Airport, New Delhi – 110037, India.

EY
Building a better working world

Ernst & Young Associates LLP
5th Floor, Block B2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Emphasis of matter

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2022 to 31st March 2023)
- Data and information on the economic and financial performance of the Company
- Data, statements, and claims already available in the public domain through Annual Report, Integrated Annual Report, or other sources available in the public domain
- The Company's statements that describe the expression of opinion, belief, inference, aspiration, expectation, aim, or future intention provided by the Company
- The Company's compliance with regulations, acts, and guidelines with respect to various regulatory agencies and other legal matters

Our Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Business Responsibility and Sustainability Report (BRSR) FY 23 for the period from 01st April 2022 to 31st March 2023, in order for it to be in accordance with the Standards and Securities and Exchange Board of India (SEBI) BRSR guidelines.

Restricted use: This report is intended solely for the information and use of L&T Finance Holdings Limited and is not intended to be and should not be used by anyone other than L&T Finance Holdings Limited.

For and on behalf of Ernst & Young Associates LLP

Ernst & Young Associates LLP Mumbai

Chaitanya Kalia
June 8, 2023
Mumbai, India

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Building a better working world

Independent Assurance Statement

The Management and Board of Directors
L&T Finance Holdings Limited
Mumbai, India

Scope
We have been engaged by L&T Finance Holdings Limited to provide independent limited assurance on disclosures made with reference to the GRI Sustainability Reporting Standards as amended upto 2021 and issued by the Global Reporting Initiative (the "GRI Standards") (herein the "GRI Standards Disclosures") in its Integrated Annual Report (the "Report") for the period from 01st April 2022 to 31st, 2023.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information

Criteria applied by L&T Finance Holdings Limited
In preparing the Integrated Annual Report FY23, L&T Finance Holdings Limited applied The International Integrated Reporting Council (IRRC) Framework and Global Reporting Initiative (GRI) standard. The GRI Standards criteria were specifically designed for Integrated Annual Report FY23; As a result, the subject matter information may not be suitable for another purpose.

L&T Finance Holdings Limited Responsibilities
L&T Finance Holdings Limited management is responsible for selecting the Criteria, and for presenting the Integrated Annual Report FY23 in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'). The terms of reference for this engagement as agreed with L&T Finance Holdings Limited on 14th November 2022. The Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in

Ernst & Young Associates LLP
5th Floor, Block B2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Building a better working world

extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making inquiries, primarily of persons responsible for preparing the Integrated Annual Report and related information and applying analytical and other appropriate procedures

Our procedures included:

- Conducted interviews with select personnel at corporate office to understand the process for collecting, collating, and reporting the subject matter as per Global Reporting Initiative (GRI) standards;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data through consultations with the site team and sustainability team;
- Review of relevant data, on a selective test basis, with respective data owners and sustainability team in Corporate office.
- Review of data on a sample basis, at the above-mentioned locations, pertaining to the following disclosures of the GRI Standards:
    - Environmental Topics: Energy (302-1); Water (303-5); GHG Emissions (305-1, 305-2, 305-3), Waste (306-3, 306-4, 306-5;
    - Social Topics: General Disclosures Employees (2-7) Employment (401-1, 401-3)Training and Education 2016 (404-1) Diversity of governance bodies and employees 2016 (405-1), Responsible lending to women entrepreneurs (no. of active women borrowers received micro loans)
- Execution of an audit trail of claims and data streams, on a selective test basis, to determine the level of accuracy in the collection, transcription, and aggregation processes followed.
- Review of the Company's plans, policies, and practices, pertaining to their social, environmental, and sustainable development, to be able to make comments on the fairness of and Integrated Reporting;
- Review of the Company's approach towards materiality assessment disclosed in the Report to identify relevant issues;
- Review of select qualitative statements in various sections of the Integrated Report FY 23. We also performed such other procedures as we considered necessary in the circumstances

Ernst & Young Associates LLP
5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E), Mumbai - 400063, India

Tel: +91 22 6192 0000
Fax: +91 22 6192 3000
ey.com

Building a better working world

Emphasis of matter

The assurance scope excludes:

- Data and information outside the defined reporting period (1st April 2022 to 31st March 2023)
- Data and information on the economic and financial performance of the Company
- Data, statements, and claims already available in the public domain through Annual Report, Integrated Annual Report, or other sources available in the public domain
- The Company's statements that describe the expression of opinion, belief, inference, aspiration,
- expectation, aim, or future intention provided by the Company
- The Company's compliance with regulations, acts, and guidelines with respect to various regulatory agencies and other legal matters

Our Conclusion

On the basis of our review scope and methodology to obtain assurance as per ISAE 3000 standard, nothing has come to the attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the select GRI Standards disclosure in the Integrated Annual Report and the Company's reporting principles and criteria.

Restricted use: This report is intended solely for the information and use of L&T Finance Holdings Limited and is not intended to be and should not be used by anyone other than L&T Finance Holdings Limited.

For and on behalf of Ernst & Young Associates LLP

Ernst & Young Associates LLP Mumbai

Chaitanya Kalia
June 8, 2023
Mumbai, India

Ernst & Young Associates LLP is a Limited Liability Partnership with LLP identity No. AAB-4321
Regd. Office: 6th Floor, Worldmark – 1, Asset Area 11, Hospitality District, Indira Gandhi International Airport, New Delhi – 110037, India.

GRI Content Index

GRI Standard	Disclosure	Page Number/ Direct Response
GRI 2: General Disclosure 2021		
1. The organisation and its reporting practices		
GRI 2-1	Organisational Details	6-7
GRI 2-2	Entities included in the organisation sustainability reporting	6
GRI 2-3	Reporting period, frequency, and contact point	5
GRI 2-4	Restatements of information	5
GRI 2-5	External assurance	5
2. Activities and Workers		
GRI 2-6	Activities, value chain and other business relationships	192-197
GRI 2-7	Employees	175, 176
GRI 2-8	Workers who are not employees	176, 183
3. Governance		
GRI 2-9	Governance structure and composition	115
GRI 2-10	Nominations and selection of the highest governance body	116
GRI 2-11	Chair of the highest governance body	116-117
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	114-117
GRI 2-13	Delegation of responsibility for managing impacts	112-126
GRI 2-14	Role of the highest governance body in sustainability reporting	122
GRI 2-15	Conflicts of interest	126
GRI 2-16	Communication of critical concerns	127
GRI 2-17	Collective knowledge of the highest governance body	116-117
GRI 2-18	Evaluation of the performance of the highest governance body	118
GRI 2-19	Remuneration policies	121
GRI 2-20	Process to determine remuneration	121
GRI 2-21	Annual total compensation ratio	
4. Strategy, policies and practices		
GRI 2-22	Statement on sustainable development strategy	4, 24-27
GRI 2-23	Policy Commitments	71-72, 173-175
GRI 2-24	Embedding policy commitments	71-72, 173-175
GRI 2-25	Processes to remediate negative impacts	195-196, 213
GRI 2-26	Mechanisms for seeking advice and raising concerns	127

GRI Standard	Disclosure	Page Number/ Direct Response
	GRI 2: General Disclosure 2021	
GRI 2-27	Compliance with laws and regulations	129
GRI 2-28	Membership associations	108
	5. Stakeholder Engagement	
GRI 2-29	Approach to stakeholder engagement	86-87
GRI 2-30	Collective bargaining agreements	186
	GRI 3: Material Topics 2021	
GRI 3-1	Process to determine material topics	90
GRI 3-2	List of Material Topic	91
GRI 3-3	Management of Material Topic	92-101

Topic-Specific Standard Disclosures

GRI Standard	Disclosure	Page Number/ Direct Response
	GRI 201: Economic Performance 2016	
GRI 3: Material Topics 2021	3-3 Management of Material Topic	130-135
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	135
	201-2 Financial implications and other risks and opportunities due to climate change	92-101
	201-3 Defined benefit plan obligations and other retirement plans	182-184
	GRI 203: Indirect Economic Impacts 2016	
GRI 3: Material Topics 2021	3-3 Management of Material Topic	92-101
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	148-151, 155, 193, 198-212
	203-2 Significant indirect economic impacts	198-212
	GRI 205: Anti-corruption 2016	
GRI 3: Material Topics 2021	3-3 Management of Material Topic	92

Topic-Specific Standard Disclosures		
GRI Standard	**Disclosure**	**Page Number/ Direct Response**
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	128
	205-2 Communication and training about anti-corruption policies and procedures	128
	205-3 Confirmed incidents of corruption and actions taken	128
GRI 206: Anti-Competitive Behavior 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	92
GRI 206: Anti-Competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	126
GRI 207: Tax 2019		
GRI 207: Tax 2019 (Management Approach Disclosures)	207-1 Approach to tax	128-129
	207-2 Tax governance, control, and risk management	128-129
	207-3 Stakeholder engagement and management of concerns related to tax	128-129
GRI 302: Energy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	94, 219-220
GRI 302: Energy 2016	302-1 Energy consumption within the organization	219-220
	302-2 Energy consumption outside of the organization	219-220
	302-3 Energy intensity	219-220
	302-4 Reduction of energy consumption	219-220
	302-5 Reductions in energy requirements of products and services	219-220
GRI 303: Water and Effluents 2018		
GRI 303: Water and Effluents 2018 (Management Approach Disclosures)	303-1 Interactions with water as a shared resource	223
	303-2 Management of water discharge-related impacts	223

Topic-Specific Standard Disclosures		
GRI Standard	**Disclosure**	**Page Number/ Direct Response**
GRI 303: Water and Effluents 2018 (Topic-specific Disclosures)	303-3 Water withdrawal	223
	303-4 Water discharge	223
	303-5 Water consumption	223
GRI 305: Emissions 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	91, 100
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	218
	305-2 Energy indirect (Scope 2) GHG emissions	218
	305-3 Other indirect (Scope 3) GHG emissions	218
	305-4 GHG emissions intensity	218
	305-5 Reduction of GHG emissions	218
	305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	221
GRI 306: Waste 2020		
GRI 306: Waste 2020 (Management Approach Disclosures)	306-1 Waste generation and significant waste-related impacts	224-225
	306-2 Management of significant waste-related impacts	224-225
GRI 306: Waste 2020 (Topic-specific Disclosures)	306-3 Waste generated	225
	306-4 Waste diverted from disposal	225
	306-5 Waste directed to disposal	225
GRI 308: Supplier Environmental Assessment 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	196
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	72, 128, 196, 216
	308-2 Negative environmental impacts in the supply chain and actions taken	72, 128, 196, 216

Topic-Specific Standard Disclosures		
GRI Standard	**Disclosure**	**Page Number/ Direct Response**
GRI 401: Employment 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	91, 97, 177-179
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	179
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	182-184
	401-3 Parental leave	183
GRI 403: Occupational Health and Safety 2018		
GRI 403: Occupational Health and Safety 2018 (Management Approach Disclosures)	403-1 Occupational health and safety management system	187
	403-2 Hazard identification, risk assessment, and incident investigation	187, 188
	403-3 Occupational health services	187-189
	403-4 Worker participation, consultation, and communication on occupational health and safety	187-189
	403-5 Worker training on occupational health and safety	182
	403-6 Promotion of worker health	187-189, 191
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	105, 187-189, 191
GRI 403: Occupational Health and Safety 2018 (Topic-specific Disclosures)	403-8 Workers covered by an occupational health and safety management system	255
	403-9 Work-related injuries	256, 258
GRI 404: Training and Education 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	91, 97, 172
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	17, 173, 182-183
	404-2 Programs for upgrading employee skills and transition assistance programs	180-183
	404-3 Percentage of employees receiving regular performance and career development reviews	181, 255

Topic-Specific Standard Disclosures		
GRI Standard	**Disclosure**	**Page Number/ Direct Response**
GRI 405: Diversity and Equal Opportunity 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	91
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	175
	405-2 Ratio of basic salary and remuneration of women to men	17, 176
GRI 406: Non-discrimination 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	72, 91
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	72, 99, 266-267
GRI 408: Child Labor 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	98, 141
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	196
GRI 409: Forced or Compulsory Labor 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	98, 141
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	196
GRI 413: Local Communities 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	198-213
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	100, 198-213
	413-2 Operations with significant actual and potential negative impacts on local communities	100, 198-213

Topic-Specific Standard Disclosures		
GRI Standard	**Disclosure**	**Page Number/ Direct Response**
GRI 414: Supplier Social Assessment 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	196
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	128, 196, 216
	414-2 Negative social impacts in the supply chain and actions taken	128, 196, 216
GRI 415: Public Policy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	89, 128, 278
GRI 415: Public Policy 2016	415-1 Political contributions	128
GRI 417: Marketing and Labeling 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	38-50
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	5, 38-50
GRI 418: Customer Privacy 2016		
GRI 3: Material Topics 2021	3-3 Management of Material Topic	91, 170, 194
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	170, 194

TCFD Disclosure

TCFD Pillar	Recommended Pillar	Chapter	Page
Governance	▶ Board's oversight of climate-related risks and opportunities	▶ Management Discussion & Analysis	55,129
	▶ Management's role in assessing and managing climate-related risks and opportunities	▶ Management Discussion & Analysis ▶ Risk Management	55-58
Strategy	▶ Climate-related risks and opportunities the organization has identified over the short, medium, and long term	▶ Stakeholder Engagement and Materiality Assessment	94
	▶ Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	▶ Stakeholder Engagement and Materiality Assessment	94
	▶ Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2-degree or lower scenario	▶ Natural Capital	216-217
Risk Management	▶ Organization's processes for identifying and assessing climate-related risks.	▶ Management Discussion & Analysis ▶ Value creation ▶ Stakeholder Engagement and Materiality Assessment ▶ Natural Capital	55-58 82, 91, 94, 97 214-225
	▶ Organization's processes for managing climate-related risks		
	▶ Processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		
Metrics and Targets	▶ Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	▶ Natural Capital	214-225
	▶ Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	▶ Natural Capital	218-219
	▶ Targets used by the organization to manage climate-related risks and opportunities and performance against targets.	▶ Stakeholder Engagement and Materiality – Performance Targets FY23	102-110

GLOSSARY

Abbreviation	Full Form
AI	Artificial Intelligence
ALM	Asset and Liability Management
APIs	Application Programming Interface
B2C	Business To Consumer
BFSI	Banking, Financial Services and Insurance
Bn	Billion
BPS	Basis Points
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditures
CH_4	Methane
CO2	Carbon Dioxide
Cr	Crore
CRAR	Capital-to-Risk Weighted Assets Ratio
CRM	Customer Relationship Management
D2C	Direct To Consumer
DIY	Do It Yourself
DSA	Direct Selling Agents
EHS	Environmental, Health, and Safety
EMI	Equated Monthly Installment
E-NACH	Electronic National Automated Clearing House
E-Waste	Electronic Waste
FTE	Full Time Equivalent
FY	Financial Year
GHG	Green House Gases
GJ	Giga Joules
GS3	Gross Stage 3
HFCs	Hydrofluorocarbons
InfoSec	Information Security
ITSM	Information Technology Service Management

Abbreviation	Full Form
IVR	Interactive Voice Response
KG	Kilograms
KL	Kilo Litre
LAP	Loan Against Property
MSMEs	Micro, Small and Medium Enterprises
MWh	Mega Watt Hour
NA	Not Applicable
NCD	Non-Convertible Debentures
NCLT	National Company Law Tribunal
NF_3	Nitrogen trifluoride
NGO	Non-Governmental Organization
N_2O	Nitrous Oxide
NOx	Nitrogen Oxide
NPAs	Non-Performing Assets
NS3	Net Stage 3
OEM	Original Equipment Manufacturer
PFCs	Perfluorinated compounds
PROs	Payment Remittance Outlets
PSL	Priority Sector Lending
SF_6	Sulfur hexafluoride
SHO	Self Help Option
SLAs	Service Level Agreement
SMS	Short Message Service
SOPs	Standard Operating Procedure
SOx	Sulfur oxides
tCO2e	Tons of Carbon Dioxide Equivalent
UI	User Interface
WASH	Water, Sanitation and Hygiene

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Fifteenth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2023.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for FY23 as compared to the previous FY i.e., FY22 is given below:

(₹ in Cr)

Particulars	Consolidated		Standalone	
	2022-23	**2021-22**	**2022-23**	**2021-22**
Continuing Operations				
Total income	13,301.70	12,323.55	360.03	350.46
Less: Total expenses	11,171.05	11,100.70	76.92	96.03
Profit before exceptional items and tax	**2,130.65**	**1,222.85**	**283.11**	**254.43**
Exceptional items	(2,687.17)	-	2,858.09	-
Profit before tax	**(556.52)**	**1,222.85**	**3,141.20**	**254.43**
Less: Tax expense	172.37	373.62	569.50	36.25
Profit after tax from continuing operations	**(728.89)**	**849.23**	**2,571.70**	**218.18**
Add: Share in profit of associate company	-	-	-	-
Net profit after tax from continuing operations and share in profit of associate company	(728.89)	849.23	2,571.70	218.18
Discontinued operations*				
Profit before tax from discontinued operations	2,739.34	251.96	-	-
Tax expense from discontinued operations	473.97	51.95	-	-
Profit after tax from discontinued operations	**2,265.37**	**200.01**	**-**	**-**
Profit for the year (owners of the Company)	**1,623.25**	**1,070.11**	**2,571.70**	**218.18**
Actuarial gain on defined benefit plan (gratuity) net of income tax	(0.18)	0.67	0.04	0.11
Total comprehensive income for the year (owners of the Company)	1,623.07	1,070.78	2571.74	218.29
Add: Balance brought forward from previous year	5,423.10	4,642.40	298.70	124.04
Transition impact of Ind AS 116	-	-	-	-
Balance Available	**7,046.17**	**5,713.18**	**2,870.44**	**342.33**
Appropriations				
Dividend paid (including dividend distribution tax)	123.75	-	123.75	-
Transfer to / (from) Reserve u/s 45-IC of Reserve Bank of India Act, 1934	518.37	206.05	514.34	43.63
Transfer to impairment reserve	-	-	4.03	-
Transfer to / (from) General Reserve	-	-	-	-
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	69.00	50.93	-	-
Transfer to Capital Redemption Reserve	35.75	33.10	-	-
Surplus in the Statement of Profit and Loss	**6,299.30**	**5,423.10**	**2228.32**	**298.70**

* Sale of 100% of the paid-up share capital of L&T Investment Management Limited ("LTIML"), a wholly owned subsidiary of the Company and the asset manager of L&T Mutual Fund ("mutual fund business"), to HSBC Asset Management (India) Private Limited completed on November 25, 2022.

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 ₹13,301.70 Cr in FY23 as compared to ₹ 12,323.55 Cr in FY22.
- Profit before taxes was ₹ 2,130.65 Cr in FY23 as compared to ₹ 1,222.85 Cr in FY22.
- Profit for the year attributable to owners of the Company was ₹ 1,623.25 Cr in FY23 as compared to ₹ 1,070.11 Cr in FY22.

During the year, the net loan book declined from ₹ 82,469.44 Cr to ₹ 75,154.55 Cr mainly on account of reduction of the wholesale book in line with Lakshya 2026 strategy.

Standalone

- Total income was ₹ 360.03 Cr in FY23 as compared to ₹ 350.46 Cr in FY22.
- Profit before taxes (including exceptional item) was ₹ 3,141.20 Cr in FY23 as compared to ₹ 254.43 Cr in FY22 due to gains arising on sale of mutual fund business.
- Profit for the year was ₹ 2,571.70 Cr in FY23 as compared to ₹ 218.18 Cr in FY22.

APPROPRIATIONS

The Company proposes to transfer ₹ 514.34 Cr (previous year ₹ 43.63 Cr) to Special Reserve created u/s 45–IC of the Reserve Bank of India Act, 1934 ("RBI Act").

COST RECORDS

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

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The information on the affairs of the Company has been given as part of the Management Discussion and Analysis section.

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

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

Preference Dividend:

The Board of Directors had declared and paid an interim dividend @ 7.95% per share on one series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("NCRPS") of face value of ₹ 100 each of the Company during FY23, entailing an outflow of ₹ 5.64 Cr.

Equity Dividend:

The Board of Directors has recommended a final dividend of ₹ 2 per Equity Share of ₹ 10 each subject to approval of the Members at the ensuing Annual General Meeting ("AGM").

In terms of Ind AS 10, events after the reporting period as notified by the Ministry of Corporate Affairs, the proposed dividend of ₹ 495.93 Cr is not recognised as liability as on March 31, 2023.

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

CREDIT RATING

During the year under review, CRISIL Ratings Limited ("CRISIL"), CARE Ratings Limited ("CARE"), India Ratings and Research Private Limited ("India Ratings") and ICRA Limited ("ICRA") have reviewed and reaffirmed the ratings.

Rating agencies	CRISIL	CARE	India Ratings	ICRA
Long-term Rating	CRISIL AAA / Stable	CARE AAA / Stable	IND AAA / Stable	ICRA AAA / Stable
Short-term Rating	CRISIL A1+	CARE A1+	IND A1+	ICRA A1+

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

FUND RAISING

During the year under review, no fund raising activity was undertaken.

Further, during the year under review, 100% of the proceeds of rights issue raised, have been utilized.

CHANGES TO THE SHARE CAPITAL

During the year under review, the Company has issued 1,96,500 Equity Shares and 54,39,129 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, 1,00,00,000 NCRPS amounting to ₹ 100 Cr, which were due for redemption were duly redeemed by the Company and as on March 31, 2023, the Company did not have any outstanding NCRPS.

Pursuant to the allotment of Equity Shares under ESOP Schemes and subsequent redemption of NCRPS, the paid-up share capital of the Company was ₹ 2,479.67 Cr (equity) as at March 31, 2023 as compared to ₹ 2,574.03 Cr (equity and preference share capital of ₹ 100 Cr) as at March 31, 2022.

EMPLOYEE STOCK OPTION SCHEME

There has been no change in the ESOP Schemes during the year under review. The ESOP Schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBSE Regulations").

The disclosures required to be made under the SBSE Regulations are available on the website of the Company at https://www.ltfs.com/investors (click- ESOP Disclosure). The certificate from the Secretarial Auditors, confirming compliance with the aforesaid provisions has been appended as **Annexure A** to this Report.

INVESTMENT IN SUBSIDIARIES

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

Name of subsidiary company	Amount of capital subscribed by the Company (₹ in Cr)
L&T Finance Limited	1,980.00
L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	51.37
L&T Financial Consultants Limited	144.00

REGISTRATION AS A CORE INVESTMENT COMPANY

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

STATUTORY DISCLAIMER

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

FIXED DEPOSITS

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

DIRECTORS

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

During the year under review, Ms. Nishi Vasudeva, (DIN: 03016991) an Independent Director who was appointed as an Independent Director of the Company for a term of 5 years i.e., from June 15, 2017 to June 14, 2022, has ceased to be an Independent Director of the Company pursuant to completion of the aforesaid term. Further, Mr. Prabhakar B. (DIN: 02101808), who was eligible to retire by rotation at the previous AGM, did not offer himself for re-appointment as a Director of the Company.

Accordingly, Mr. Prabhakar B., (DIN: 02101808) was not re-appointed and he ceased to be a Director on the Board w.e.f. July 11, 2022.

The Board records its deep appreciation for contribution by Ms. Nishi Vasudeva (DIN: 03016991) and Mr. Prabhakar B. (DIN: 02101808) in guiding and supporting the management during their tenure as the Directors of the Company.

Dr. Rajani R. Gupte (DIN: 03172965) was appointed as an Independent Director of the Company at the Tenth AGM, held on August 28, 2018 for a tenure of 5 years from June 28, 2018 to June 27, 2023. 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 April 28, 2023 has approved the re-appointment of Dr. Rajani R. Gupte (DIN: 03172965) as an Independent Director for a second term of 5 consecutive years from June 28, 2023 to June 27, 2028, 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. R. Shankar Raman (DIN: 00019798) will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at https://www.ltfs.com/investors (click-Appointment of ID). The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent 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 *https://www.ltfs.com/investors* (click - Familiarization Programme).

Fit and Proper Criteria & Code of Conduct

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

KEY MANAGERIAL PERSONNEL ("KMPs")

There was no change in the KMPs of the Company during the year under review. As at March 31, 2023, 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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION/ COMPENSATION FOR DIRECTORS, SENIOR MANAGEMENT PERSONNEL, 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 Personnel ("SMPs") / KMPs and other employees of the Company and recommend the same for approval of the Board.

Further as per requirements of RBI, the Company being categorized as NBFC-ML, under the Scale

Based Regulations issued by RBI, it is required to put in place a Board approved compensation policy.

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 Policy").

In view of the aforesaid, the Board of Directors has, based on the recommendation of the NRC of the Company, approved the Policy, which is available on the website of the Company at https://www.ltfs.com/investors (click-Policy on Directors' Appointment)

B. Brief framework of the Policy

The objective of this Policy is:

a) to guide the Board in relation to appointment and removal of Directors.

b) to formulate criteria for evaluation of Independent Directors and the Members of the Board.

c) to evaluate the performance of the Members of the Board including Independent Directors.

d) to determine criteria for payment of remuneration/ compensation to Directors, SMPs / KMPs and employees.

e) to recommend to the Board remuneration/ compensation payable to the Directors including SMPs, KMPs and employees, if required.

f) to ensure relationship of remuneration/ compensation to performance is clear and meets appropriate performance benchmarks.

C. Appointment of Director(s) – Criteria Identification

The NRC identifies and ascertains the integrity, professional qualification, areas of 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 to maintain balance, ensure effective functioning of the Board and ensure orderly succession planning. The Committee ensures that atleast one of the Directors on the Board has relevant experience of having worked in a bank / NBFC.

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 a Director is subject to the provisions of the Act and rules thereunder, SEBI Listing Regulations, RBI regulations and other applicable regulations, as the case may be.

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, RBI regulations, SEBI Listing Regulations and such other applicable regulations. A person cannot 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 SMPs / KMPs / Employees

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

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

  a) Membership & Attendance - Board and Committee Meetings;

  b) Contribution during such meetings;

  c) Active participation in strategic decision making;

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

e) Performance of the directors;

f) Fulfillment of the independence criteria and their independence from the management; and

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

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending March 31. 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 Committee or the Board, pursuant to recommendation of the NRC, if required.

- **SMPs / KMPs (other than Executive Director) / Employees**

  The HR Department initiates the process of evaluation of the aforementioned persons every year ending March 31, 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) / NRC / as prescribed by law or regulator to determine whether the performance benchmarks are achieved. The payment of remuneration / compensation / 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 / SMPs / KMPs / employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during the financial year. Training and Development Orientation programmes on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

The NRC, while determining and / or recommending the criteria for remuneration / remuneration for Directors, SMPs / KMPs and other employees ensures that:

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

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

c. the remuneration to Directors, SMPs and 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.

The NRC with respect to SMPs and KMPs, further ensures that:

i. the compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP);

ii. the remuneration is reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices; and

iii. the remuneration/compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

During the year under review, the Policy was amended / updated to carry out the changes required to be incorporated in accordance with requirements pursuant to regulatory changes.

PERFORMANCE EVALUATION

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

Manner of Evaluation

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

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

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

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

b) Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is received and individual feedback is provided to each Director as per the policy for performance evaluation of the Board / its Committees / Directors / as per the process approved by the NRC / Board.

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 presents the feedback at the NRC Meeting and subsequently at the Board Meeting.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Securities and Exchange Board of India ('SEBI'), in May 2021, introduced new sustainability related reporting requirements in the specific format of Business Responsibility and Sustainability Report ("BRSR").

In accordance with the requirements of Regulation 34 of the SEBI Listing Regulations, this report includes the Company's BRSR report. The Company has followed the framework of the International Integrated Reporting Council (now known as Value Reporting Foundation), the Global Reporting Initiative ('GRI') and the BRSR principles as prescribed by SEBI.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year under review, is forming a part of the Annual Report. The certificate from the Secretarial 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 and RBI requirements, the Members at their Thirteenth AGM held on July 28, 2021, had appointed M/s KKC and Associates LLP (formerly Khimji Kunverji & Co. LLP), Chartered Accountants (ICAI Registration No. 105146W/W100621) as the Statutory Auditors of the Company for a term of three years, i.e., from the conclusion of Thirteenth AGM till the conclusion of the Sixteenth AGM.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review is unmodified. 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 M/s Alwyn Jay and Co., Practicing Company Secretary (Membership No.: F3058 and Certificate of Practice No.: 6915) to undertake the Secretarial Audit of the Company for FY23.

Further, in terms of the regulatory requirements, M/s Alwyn Jay and Co. 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 second 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 information 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 / compensation for Directors, Senior Management Personnel, Key Managerial Personnel 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, technology absorption and foreign exchange and outgo as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not fully applicable to its activities.

The details of conservation of energy, technology absorption and foreign exchange earnings and outgo at L&T Finance ("LTF") (i.e. including across all subsidiary companies of the Company) are as follows:

a. Conservation of Energy

(i) Steps taken or impact on conservation of energy:

- Efficient building envelope achieved by use of flash blocks and double-glazed glass units;
- Ample day light and views for all office spaces ensured;
- Use of treated wastewater for landscape and cooling tower make up water thereby reducing portable water use;
- Use of materials with low content of volatile organic compounds;
- Electric car charging facilities in basement parking area.

(ii) Steps taken for utilizing alternate sources of energy:

- Corporate headquarters and 6 branches of LTF shifted to Renewable Energy;
- Solar panels incorporated for external lighting in office premises.

Further details on this aspect is covered under the sustainability performance section.

b. Technology Absorption:

The details pertaining to technology absorption at LTF (usage of digital and data analytics to build sustainable competitive advantage) are covered in the Management Discussion and Analysis section.

c. Foreign Exchange Earnings and Outgo:

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 ₹ 0.08 Cr (previous year ₹ 0.72 Cr) towards professional fees.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2023, out of the Company's total equity paid-up share capital comprising of 2,479,671,117 Equity Shares, only 28,896 Equity Shares were in physical form and the remaining capital was in dematerialised form.

As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide notification no. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities is not processed unless the securities are held in the dematerialised form with the depositories.

Further, transmission or transposition of securities held in physical or dematerialised form is also effected only in dematerialised form.

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

SUBSIDIARY COMPANIES

The Company conducts its business through its subsidiaries in the various business segments. As of March 31, 2023, the Company had 7 subsidiaries (including step-down subsidiaries). The list of the subsidiary companies is provided in the Corporate Governance (Sustainability Performance) section.

Amalgamation:

During the year under review, with a view to have a single unified operational lending entity within LTF and to reduce the number of non-operating entities, the Board of Directors of the Company at its Meeting held on January 13, 2023, approved the amalgamation of L&T Finance Limited ("LTFL"), L&T Infra Credit Limited ("LTICL") (formerly known as L&T Infra Debt Fund Limited), L&T Mutual Fund Trustee Limited ("LTMFTL") (LTFL, LTICL, LTMFTL are collectively referred to as "Amalgamating Companies") with the Company by way of merger by absorption pursuant to a scheme of amalgamation and arrangement under the provisions of Sections 230 - 232 read with Section 52 of the Companies Act, 2013 ("Act") and other applicable regulatory requirements (the "Scheme"), resulting in the transfer and vesting of the assets, liabilities and the entire undertaking of the Amalgamating Companies into the Company, followed by the dissolution without winding up of each of the Amalgamating Companies, the consequent cancellation of the equity shares held by the Company in the Amalgamating Companies, certain adjustments to the securities premium account of the Company and various other matters consequential to or otherwise integrally connected with the above.

Pursuant to the Scheme, as approved by the Board, the Company will be required to undergo changes in its regulatory registration requirements / nature of business / activities which may include requirement of obtaining various approvals and making appropriate applications to the regulatory authorities, in this regard.

The necessary approval of the RBI for the aforesaid amalgamation was received on March 24, 2023.

The Scheme is, inter alia, subject to the sanction of the National Company Law Tribunal benches at Mumbai and Kolkata ("NCLT") and requisite approvals of the shareholders and / or creditors of the Company, if so directed by the NCLT, and subject to compliance with applicable laws and receipt of any regulatory or other approvals, if required.

Divestment:

During the year under review, 100% of the paid-up share capital of L&T Investment Management Limited, a wholly-owned subsidiary of the Company and the asset manager of L&T Mutual Fund, has been sold to HSBC Asset Management (India) Private Limited on November 25, 2022, post receipt of necessary regulatory approvals.

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. The details of the policy for determining Material Subsidiaries are available on the website of the Company at *https://www.ltfs.com/investors* (click-Policy on Material Subsidiaries).

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirm 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, 2023 and of the profit of the Company for that period;

3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company

and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

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 in line with the Board approved Risk Based Internal Audit Policy.

The IA function of LTF 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 FY23 are disclosed in the Corporate Governance Report appended to this Report.

AUDIT COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

The Company has a strong commitment towards promoting inclusive social transformation in rural communities through its CSR efforts. The CSR interventions are aligned with the Sustainable Development Goals, which indicates a holistic approach towards social responsibility. The project-based accountability approach with a focus on social impact, scale, and sustainability reflects the Company's commitment to creating shared value for all stakeholders.

The Company has updated its CSR policy by revising the Vision and Mission statement which is aligned with Company's Lakshya 2026 and indicates a proactive approach towards adapting to changing business environments.

Overall, the Company's CSR efforts are well-aligned with its business objectives, regulatory requirements, and social responsibility principles.

Considering that there is no aggregate net profit for the preceding three financial years calculated pursuant to the Act, the Company did not have an obligation to spend any amount on CSR interventions during FY23. The total amount spent on CSR activities by the subsidiaries of the Company was ₹ 19.65 Cr.

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 and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a Vigil Mechanism Framework, under which the Whistle Blower Investigation Committee has been set up. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which all the stakeholders such as Employees, Directors and service providers (agency, vendor, contractor or any outsourced partner) can raise actual or suspected violations.

Necessary details pertaining to the framework are disclosed in the Corporate Governance Report appended to this Report.

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

The particulars of loans, guarantees and investments as per Section 186 of the Act by the Company, have been disclosed in the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Key features of the RPT Policy are as under:

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

  a) Audit Committee:

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

  Only those members of the AC who are independent directors approve RPTs.

  RPTs to which the subsidiary of the Company is a party but the Company is not a party, require prior approval of the AC if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the listed entity with effect from April 1, 2023.

  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 and / or which requires shareholders' approval, are approved by the Board.

  c) Shareholders:

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

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

Prior approval of the AC and the shareholders is not required for a transaction to which the listed subsidiary of the Company is party but the Company is not a party, if Regulation 23 and Regulation 15(2) of the SEBI Listing Regulations are applicable to such listed subsidiary.

The transactions between the following are exempted from the approval requirements as per SEBI Listing Regulations and / or the Act:

- holding company and its wholly-owned subsidiary;
- two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company.

TRANSACTIONS WITH RELATED PARTIES

All RPTs that were entered into during FY23 were on an arm's length basis and 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 Group Risk Management Committee ("GRMC") in terms of the requirements of Regulation 21 of the SEBI Listing Regulations and RBI regulations and has also adopted a Risk Management Policy. 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 and the Board is kept apprised of the proceedings of the meetings of the GRMC and also apprised about the risk management framework at its subsidiaries. The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk, ESG risk, model risk, reputation and strategic risk and operational risk are some of the risks that your Company is exposed to and details of the same are provided in the Management Discussion and Analysis and Sustainability Performance section.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

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

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

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

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

RBI REGULATIONS

The Company has complied with the applicable regulations of RBI.

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 except as required in connection with the amalgamation stated earlier in this Report.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude and appreciation to all those who have contributed to the success of the Company during the past year. It is through the collective effort and dedication of many stakeholders that we have achieved our goals and milestones.

We express our sincere gratitude to the RBI, SEBI, 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.

We would also like to thank our valued customers for their trust and continued support. Our shareholders and investors deserve special recognition for their confidence in our vision and for their ongoing partnership.

Lastly we extend our deepest appreciation to our employees, whose hard work, commitment, and innovative ideas have been instrumental in driving our growth and success. Their unwavering dedication and professionalism have played a significant role in overcoming challenges and seizing opportunities.

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

S.N. Subrahmanyan Non-Executive Director & Chairman DIN: 02255382	**Dinanath Dubhashi** Managing Director & Chief Executive Officer DIN: 03545900

Place: Mumbai
Date: June 08, 2023

ANNUAL REPORT 2022-23 - ANNEXURE 'A' TO BOARD'S REPORT

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Members,
L&T Finance Holdings Limited

We, **Alwyn Jay & Co.**, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on April 29, 2022 by the Board of Directors of **L&T Finance Holdings Limited** (hereinafter referred to as **'the Company'**), having CIN L67120MH2008PLC181833 and having its registered office at Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098. This certificate is issued under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as **'the Regulations'**), for the year ended March 31, 2023.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the scheme(s) including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

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 the Regulations; and

b) the Schemes are in accordance with the special resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting held on November 29, 2010 for approval of the L&T Finance Holdings Limited ESOP Scheme 2010; special resolution passed by the shareholders of the Company through Postal Ballot on June 14, 2012 for ratification of L&T Finance Holdings Limited ESOP Scheme - 2010 instituted by the Company prior to the Initial Public Offer and special resolution passed by the shareholders of the Company through Postal Ballot on April 04, 2014 for approval of the L&T Finance Holdings Limited ESOP Scheme 2013.

For the purpose of verifying the compliance of the Regulations, we have examined the following:

1. Scheme(s) received from / furnished by the Company;
2. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors;
4. Shareholders resolutions passed at the General Meeting(s);
5. Minutes of the meetings of the Nomination & Remuneration Committee;
6. Relevant Accounting Standards as prescribed by the Central Government;
7. Detailed terms and conditions of the scheme as approved by Nomination & Remuneration Committee;
8. Bank Statements towards Application money received under the scheme(s);
9. Exercise Price / Pricing formula;
10. Statement filed with recognised Stock Exchange(s) in accordance with Regulation 10 of these Regulations;
11. Disclosure by the Board of Directors;
12. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder.

Certification:

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the Company has implemented the ESOP Scheme - 2010 and ESOP Scheme - 2013 in accordance with the applicable provisions of the Regulations and Resolutions of the Company in the General Meeting(s).

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

Place : Mumbai
Date : April 21, 2023

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058E000163449

ANNUAL REPORT 2022-23 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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

We 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** (CIN: L67120MH2008PLC181833) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances to express our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We 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, 2023** 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 for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **as amended from time to time**: -

- (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, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (e) 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 – **Not Applicable to the Company;**
- (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company;**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company;**
- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business / industry related laws applicable to the Company:

The Company has complied with the Reserve Bank of India Act, 1934, Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and the other applicable general laws, rules, regulations and guidelines.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board / Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. The Board, at its meeting held on April 29, 2022 has approved the proposal of raising funds by issuance of Non-Convertible Debentures during financial year 2022-23 for an amount not exceeding in aggregate Rs. 2,000 Crores on a private placement basis.
2. Redemption of 1,00,00,000 Listed, Cumulative, Non-Convertible, Compulsorily Redeemable Preference Shares of the Company on December 16, 2022 of face value of Rs. 100 each aggregating to Rs. 1,00,00,00,000.
3. Issue and allotment of 56,35,629 Equity Shares of Rs.10 each under the L&T FHL Employee Stock Option Scheme – 2010 and L&T FHL Employee Stock Option Scheme – 2013.
4. The Board of Directors have approved the Scheme of Amalgamation & Arrangement between L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited ("Amalgamating Companies"), wholly-owned subsidiaries of the Company with the Company ("Amalgamated Company") under the provisions of Sections 230-232 read with Section 52 of the Companies Act, 2013, and other applicable regulatory requirements.
5. The Shareholders of the Company, at the Annual General Meeting held on July 11, 2022, has approved the sale of 100% of the paid-up share capital of L&T Investment Management Limited, a wholly owned subsidiary of the Company and the asset manager of L&T Mutual Fund, to HSBC Asset Management (India)

Private Limited, under the provisions of Section 180(1)(a) of the Companies Act, 2013 subject to receipt of requisite regulatory approvals.

Place: Mumbai
Date: April 21, 2023

ALWYN JAY & Co.
Company Secretaries

Office Address:
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058E000163020

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

Annexure I

To
The Members,
L&T FINANCE HOLDINGS LIMITED

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **L&T Finance Holdings Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further, part of the verification was done on the basis of electronic data provided to us by the Company on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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.

Place: Mumbai
Date: April 21, 2023

ALWYN JAY & Co.
Company Secretaries

Office Address:
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058E000163020

ANNUAL REPORT 2022-23 - 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 – 5% Chief Financial Officer(3) – 19% Company Secretary(3) – 18%	
3.	The percentage increase in the median remuneration of employees in the financial year.	14%	
4.	The number of permanent employees on the rolls of Company.	4	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		16%	14%
6.	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration is as per the nomination and remuneration policy of the Company.	

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

(2) *Considering that the Company is a Core Investment Company which carries on its business through its underlying subsidiaries and 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) *Also a KMP of a wholly-owned subsidiary.*

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

S.N. Subrahmanyan
Non-Executive Director &
Chairman
DIN: 02255382

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
DIN: 03545900

Place: Mumbai
Date: April 28, 2023

ANNUAL REPORT 2022-23 - 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
Name of the subsidiary	L&T Finance Limited	L&T Infra Credit Limited	L&T Investment Management Limited*	L&T Mutual Fund Trustee Limited	L&T Financial Consultants Limited	L&T Infra Investment Partners Advisory Private Limited	L&T Infra Investment Partners Trustee Private Limited	Mudit Cement Private Limited
Financial year ending on	March 31, 2023							
Currency	-	-	-	-	-	-	-	-
Exchange rate on the last day of financial year	-	-	-	-	-	-	-	-
Date of acquisition	December 31, 2012	-	-	-	-	-	-	December 27, 2013
Share capital	2,864.17	571.63	-	0.15	27.75	5.00	0.10	84.10
Other equity	15,150.60	839.72	-	0.89	326.80	20.17	(0.01)	(62.36)
Total assets	99,674.43	6,762.68	-	1.09	408.22	25.46	0.10	21.77
Total liabilities	81,659.66	5,351.33	-	0.05	53.67	0.29	0.01	0.03
Investments	14,312.53	558.63	-	0.69	302.00	21.25	0	0
Turnover	12,069.34	685.47	-	0.07	62.63	6.97	0.03	0
Profit before taxation	(436.34)	(181.32)	-	0.08	50.35	4.87	0.01	(0.53)
Provision for taxation	68.69	(34.31)	-	-	15.62	1.22	-	0.00
Profit after taxation	(505.03)	(147.01)	-	0.08	34.73	3.65	0.01	(0.53)
Proposed Dividend	0	0	-	0	0	0	0	0
% of shareholding	100%							

* L&T Investment Management Limited ceased to be a subsidiary of the Company post completion of the sale transaction to HSBC Asset Management (India) Private Limited, asset manager of HSBC Mutual Fund on November 25, 2022.

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: L&T Investment Management Limited

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	31-03-2022
2. Date on which the Associate was associated	June 5, 2015
3. Shares of Associate held by the company as at March 31, 2023	
Number of shares	21,26,000
Amount of equity investment in Associate (Rs. in Cr)	2.13
Amount of preference investment in Associate (Rs. in 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 (Rs. in Cr)	-
7. Profit / Loss for the year:	
i. Considered in Consolidation (Rs. in Cr)	-
ii. Not Considered in Consolidation (Rs. in Cr)	-

Name of associates or joint ventures which are yet to commence operations: Nil

Name of associates or joint ventures which have been liquidated or sold during the year: Nil

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

S.N. Subrahmanyan
Non-Executive Director
& Chairman
DIN: 02255382

Dinanath Dubhashi
Managing Director
& Chief Executive Officer
DIN: 03545900

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place: Mumbai
Date: April 28, 2023

ANNUAL REPORT 2022-23 - ANNEXURE 'E' TO BOARD'S REPORT

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

1) Brief outline on CSR policy of the Company

CSR Vision:

Financial and digital transformation of rural communities and creating opportunities for sustainable livelihoods for them.

CSR Mission:

We strive to revitalize and create sustainable livelihoods and financial ecosystem of and for marginalized farmers, rural women and youth.

Commitment:

Our focus is on creating value for rural indigent communities which desire a secure future. Our social responsibility theme and commitment is in line with the United Nation's global development agenda of Sustainable Development Goals (SDGs) particularly, 'No Poverty' (SDG 1), 'Gender Equality' (SDG 5), 'Reduced Inequalities' (SDG 10), 'Sustainable Cities and Communities' (SDG 11), 'Climate Action' (SDG 13), 'Life on Land' (SDG 15) and 'Partnership for the goals' (SDG 17).

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

We implement the CSR projects / activities as a collaborative effort between various companies within L&T Finance, through partnership with organizations mandated under Rule 4 of the Companies (CSR Policy) Rules, 2014.

CSR Approach:

A project-based accountability approach is adopted, emphasizing on the three aspects of Social impact, Scale and Sustainability. Baseline and end line assessments are carried out for each project with clearly defined measurable results.

Monitoring:

A three-tier structure exists with the CSR & ESG Committee formulating & recommending the annual action plan to the Board, in line with the CSR vision of the Company. The CSR team conducts periodic review of the projects and documents the progress. The Board verifies that the CSR funds have been utilised for the projects as approved by it.

2) **Composition of CSR & ESG Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR and ESG Committee held during the year	Number of meetings of CSR and ESG Committee attended during the year
1	Shailesh Haribhakti	Independent Director	1	1
2	Dinanath Dubhashi	Managing Director & Chief Executive Officer	1	1
3	Rajani R. Gupte	Independent Director	1	1
4	R. Shankar Raman*	Non-Executive Director	1	0
5	P.V. Bhide*	Independent Director	1	1
6	Nishi Vasudeva**	Independent Director	1	1

*Mr. R. Shankar Raman and Mr. P.V. Bhide ceased to be members of the Committee w.e.f. July 19, 2022.
**Ms. Nishi Vasudeva ceased to be an Independent Director and consequently a member of the Committee, post completion of tenure w.e.f. June 14, 2022.

3) **Web-link where composition of CSR & ESG Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

The composition of CSR and ESG Committee, CSR Policy and CSR projects approved by the Board can be accessed on the website at the following link - https://www.ltfs.com/csr.

4) **The executive summary along with web-link of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable (attach the report):**

Not Applicable (N.A.)

5) a) **Average net profit of the Company as per Section 135(5):** ₹ (3,06,33,333.33)

b) **Two percent of average net profit of the Company as per Section 135(5):** Nil

c) **Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:** Nil

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

e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** Nil

6) a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** Nil

b) **Amount spent in Administrative Overheads:** Nil

c) **Amount spent on Impact Assessment, if applicable:** Nil

d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** Nil

e) **CSR amount spent or unspent for the financial year:**

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

f) Excess amount for set-off, if any:

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

7) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to any fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY20	Nil	Nil	Nil	Nil	N.A.	Nil	Nil
2	FY21	Nil	Nil	Nil	Nil	N.A.	Nil	Nil
3	FY22	Nil	Nil	Nil	Nil	N.A.	Nil	Nil
	TOTAL	**Nil**	**Nil**	**Nil**	**Nil**	**N.A.**	**Nil**	**Nil**

8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

○ **Yes** ✓ **No**

If Yes, enter the number of Capital assets created / acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
N.A.							

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office / Municipal Corporation / Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

Shailesh Haribhakti	**Dinanath Dubhashi**
Chairperson	Managing Director
CSR and ESG Committee	& Chief Executive Officer
DIN: 00007347	DIN: 03545900

Place: Mumbai
Date: April 28, 2023

Corporate Governance Report

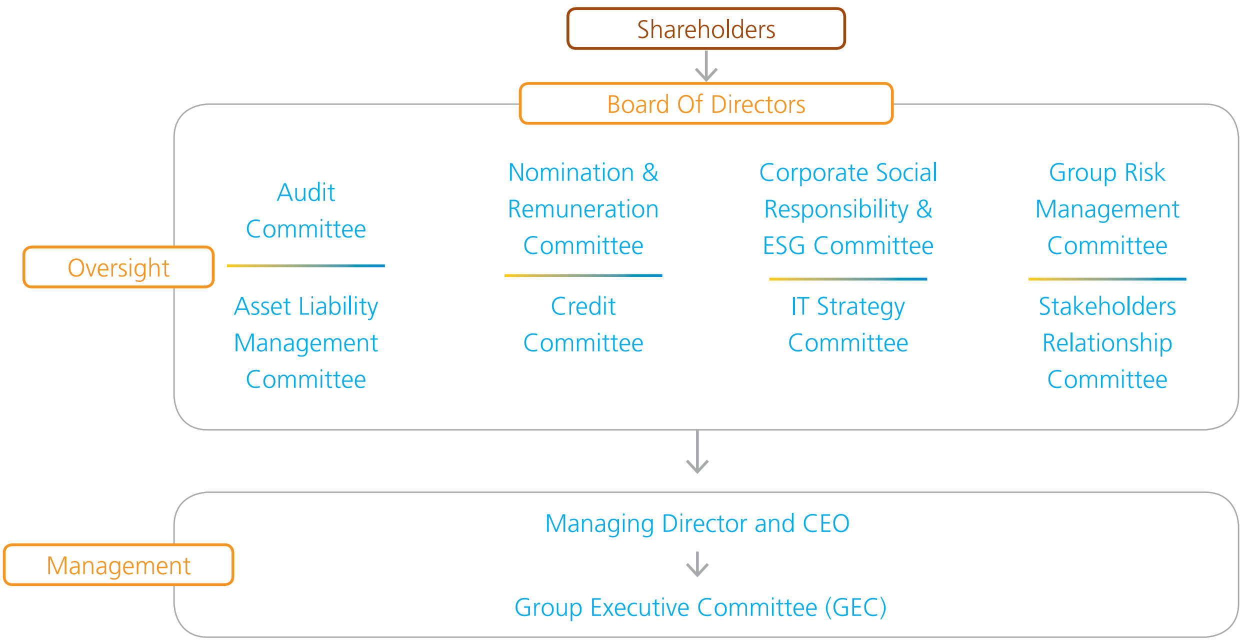
[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

At L&T Finance ("LTF"), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values and built on the foundation of assurance. LTF believe that effective governance is essential for achieving long-term success and creating value for its shareholders and stakeholders. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to our core values viz.- Pride, Integrity, Discipline and Ambition. Our philosophy encompasses transparency, integrity, ethics, accountability, stakeholder engagement, board effectiveness and, compliance and risk management as key elements.

By adhering to our corporate governance philosophy, we strive to build trust, foster sustainable growth, and create long-term value for all our stakeholders. The Board of Directors ("Board") helps to ensure that we have appropriate governance in place, both to support our operations and protect our stakeholders' interest. The Board continuously evaluates and refines the governance practices to ensure that they align with best practices and evolving expectations. 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.

Corporate Governance Structure



B. Board of Directors

The Board of Directors plays a crucial role in providing strategic guidance and help build governance structure to drive the overall success and growth of the Company. Comprising a diverse group of highly experienced professionals, the Board brings together a wealth of knowledge, expertise, and industry insights.

Our esteemed Board members are selected based on their extensive backgrounds in various sectors and their ability to provide valuable perspectives and leadership. They possess a deep understanding of our industry landscape, market dynamics, and emerging trends, which enables them to make informed decisions in the best interest of the Company and its stakeholders.

As stewards of corporate governance, the Board ensures that the Company operates with integrity, transparency, and adherence to legal and ethical standards. They oversee the formulation and implementation of effective policies, risk management strategies, and long-term strategic plans. Through their collective wisdom and experience, they provide guidance to the executive management team, offering valuable insights and oversight to steer the organization towards sustainable growth.

At L&T Finance Holdings Limited ("LTFH"), the leadership, vision and commitment of the Board of Directors are instrumental in guiding it towards achieving its goals, driving innovation, and creating sustainable value for all the stakeholders.

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 eight Directors comprising four Independent Directors (including one women Independent Director), one Executive Director, two Non-Executive Directors and one Nominee Director. The Board consists of eminent personalities from diverse fields: entrepreneurs / professionals, private sector / public sector, social sector / commercial sector, banking / non-banking sector.

During the year under review, Ms. Nishi Vasudeva (DIN: 03016991), an Independent Director of the Company, who was appointed for a term of 5 years i.e., from June 15, 2017 to June 14, 2022, has ceased to be an Independent Director of the Company pursuant to completion of the aforesaid term. The Board records its deep appreciation for contribution by Ms. Nishi Vasudeva (DIN: 03016991) in guiding and supporting the management during her tenure as an Independent Director of the Company.

Mr. Prabhakar B. (DIN: 02101808), who was eligible to retire by rotation at the previous AGM , did not offer himself for re-appointment as a Director of the Company. Accordingly, Mr. Prabhakar B. (DIN: 02101808), was not re-appointed and he ceased to be Director on the Board w.e.f July 11, 2022.

Dr. Rajani R. Gupte (DIN: 03172965) was appointed as an Independent Director of the Company at the Tenth AGM, held on August 28, 2018 from June 28, 2018 to June 27, 2023. 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, post necessary evaluation and based on the recommendation of the Nomination and Remuneration Committee of the Company ("NRC"), the Board at its Meeting held on April 28, 2023 has approved the re-appointment of Dr. Rajani R. Gupte (DIN: 03172965) as an Independent Director of the Company for a second term of 5 consecutive years from June 28, 2023 to June 27, 2028, subject to the approval of the Members by way of a special resolution.

A well composed Board of Directors is diverse and brings together individuals with a range of expertise, skills and background. The composition of Board of your Company is commensurate with the size of the Company, complexity and nature of various underlying businesses, and represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provides effective leadership to the businesses carried on through its subsidiaries.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. Further, the Managing Director of the Company is not serving as an Independent Director in any Company.

None of the Directors of the Company are inter-se related to each other.

2. Board Procedure:

The Board meets at regular intervals and the Board meetings (including Committee meetings) serve as a forum for Board/ Committee members to come together and deliberate on critical matters related to the organization's strategy, operations, financial performance, and governance. These meetings of the Company as well as its subsidiaries are held at regular intervals, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, separate special Board / Committee meetings are held or the approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent meeting.

The Company Secretary approaches various business / department heads in advance with regard to matters requiring the approval of the Board / Committees to enable inclusion of the same in the agenda for the Board / Committee meetings. Board members receive detailed agendas including relevant materials, such as reports, financial statements, and other necessary documents, well in advance of the Meeting enabling them to review and prepare for discussions. During the meeting, the Board engages in structured discussions, allowing each member to share insights, ask questions, and express their viewpoints.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is presented directly at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items are taken up with the approval of the Chair and majority of Directors. Senior management is invited to the Board / Committee meeting(s) to provide additional inputs for the items pertaining to their line of business / function being discussed by the Board / Committee(s). The Board members interact with the Senior Management (including Chief Executives) of the various operating subsidiary companies frequently including at the Board meetings.

Further, presentations are made on business operations to the Board by the respective Senior Management covering business strategy and updates on business, macro economic development, IT and data analytics and initiatives towards environmental, social and governance (ESG) aspects. Additionally, presentations are made on various matters including the financial statements, fund raising program, operations related issues, the regulatory environment or any other issue which the Board is required / wants to be apprised of. The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

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

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 in accordance with the regulatory requirements.

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 29, 2022.

Necessary actions were taken in respect of the actionable points, if any, which arose during the discussions at the Meeting.

4. Meetings and Attendance:

During the financial year ended March 31, 2023, 9 (nine) Board meetings were held on the following dates - April 29, 2022 (2 board meetings), July 19, 2022 (2 board meetings), October 20, 2022 (2 board meetings), January 13, 2023 (2 board meetings) and March 17, 2023. The meetings of the Board are generally held at 2nd Floor, 2A Board Room, Landmark Building, A Wing, Off. Andheri Kurla Road, Near Western Express Highway Metro, Andheri East, Mumbai – 400093 or through Other Audio Visual Means.

The details of attendance of the members of the Board at the meetings held during the year and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2023 are as follows:

Name of the Director	Nature of Directorship	Board Meetings held / conducted during the year	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other companies[1]	No. of Committee Memberships / Chairmanships (including the Company)[2]		No. of Independent Directorships (including the Company)[3]
						Member	Chairman	
S.N. Subrahmanyan (DIN: 02255382)	C (NED)	9	9	Present	5	-	-	-
Dinanath Dubhashi (DIN: 03545900)	MD & CEO	9	9	Present	3	1	-	-
R. Shankar Raman (DIN: 00019798)	NED	9	9	Present	6	3	-	-
Shailesh Haribhakti (DIN: 00007347)	ID	9	9	Present	18	10	5	5
P. V. Bhide (DIN: 03304262)	ID	9	9	Present	7	7	2	4
Thomas Mathew T. (DIN: 00130282)	ID	9	9	Present	4	3	0	1
Rajani R. Gupte (DIN: 03172965)	ID	9	7	Present	2	3	2	1
Pavninder Singh[4] (DIN: 03048302)	NED / ND	9	6	Absent	4	-	-	-
Nishi Vasudeva[5] (DIN: 03016991)	ID	2	2	-	-	-	-	-
Prabhakar B.[6] (DIN: 02101808)	NED	2	2	Absent	-	-	-	-

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

NED – Non-Executive Director ID – Independent Director

(1) Excludes Directorship in foreign company & Section 8 company

(2) Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company and excludes memberships in high value debt listed entities

(3) Only equity listed companies are considered

(4) Nominee Director of BC Investment VI Limited and BC Asia Growth Investments (Equity Investors)

(5) Ceased to be an Independent Director of the Company post completion of tenure w.e.f. June 14, 2022

(6) Ceased to be a Director on the Board of the Company w.e.f. July 11, 2022 as did not offer himself for re-appointment on retiring by rotation.

The details pertaining to the directorships held by a Director in listed companies other than the Company as on March 31, 2023 is as follows:

Name of the Director	Name of the listed entity[1]	Nature of Directorship
S.N. Subrahmanyan	Larsen and Toubro Limited L&T Technology Services Limited LTIMindtree Limited	Chief Executive Officer & Managing Director Non-Executive Vice Chairman Non-Executive Vice Chairman
Dinanath Dubhashi	-	-
R. Shankar Raman	Larsen & Toubro Limited LTIMindtree Limited	Whole Time Director & CFO Non-Executive Director
Shailesh Haribhakti	Torrent Pharmaceuticals Limited Blue Star Limited Bajaj Electricals Limited Adani Total Gas Limited	Independent Director Independent Director Independent Director Independent Director
P. V. Bhide	NOCIL Limited Glaxosmithkline Pharmaceuticals Limited Borosil Renewables Limited	Independent Director Independent Director Independent Director
Thomas Mathew T.	-	-
Rajani R. Gupte	-	-
Pavninder Singh	360 One Wam Limited	Nominee Director

[1] Only equity listed companies are considered.

5. Information to the Board:

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

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries;
- Quarterly results and results of operations of subsidiaries;
- Minutes of the meetings of the Board of Directors and Committees;
- Minutes of the Board meetings of subsidiaries;
- Details of potential acquisitions or collaboration agreement, if any;
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment;
- 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; and
- 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. Necessary action taken report is also placed at the meeting(s).

7. Board-skills / expertise / competencies:

For details on the Board-skills / expertise / competencies, please refer to the Governance and Ethics section of this Integrated Annual Report.

8. Performance Evaluation:

The NRC 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:

To ensure the long-term sustainability and continued success of your Company, the Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to Senior Management by identification of talent and further development process, to build a pipeline of talent to meet future leadership needs. The NRC is responsible for overseeing the succession planning for the Board and Senior Management Personnel as per the NRC policy of the Company.

10. Familiarization programme:

Your Company has designed a familiarization program to introduce/ induct all new Independent Directors. This program plays a vital role in enabling the Board Members to understand the organization, its operations, culture, governance practices and also their roles, responsibilities, and expectations, thereby facilitating their effective contribution to the Board's work.

The Company provides its directors with training opportunities related to its business, both during the induction process and periodically (including during Board Meetings). The Board conducts a dedicated meeting annually to discuss the strategy and budget of the Company and its subsidiaries. The Board members hold meetings to exchange perspectives and insights, enabling the senior management to benefit from the Directors' experience and enhance your Company's operations. During FY23, 100% of the Board of Directors has undergone dedicated training on ESG and Information Security, the emerging topics in the current scenario. For details on the number of training hours of the Board, please refer to the Business Responsibility and Sustainability Report.

Systems and resources are made available to the members of the Board. Additionally, regular field visits i.e., visits to the branches and meeting centres, are generally arranged for the Directors which help them understand the businesses and 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 *https://www.ltfs.com/investors* (click-Familiarization Programme).

11. Confirmation of Independent Directors:

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

C. Board Committees

Board level committees are essential for effective governance and efficient decision making within a Company. Board level committees provide a structured approach to address specific areas of operations, allowing Board Members to focus on other issues in more depth. By delegating certain responsibilities to committees, the Board can leverage the expertise and specialized knowledge of committee members, leading to better informed decisions. Establishing Board level committees also ensures a checks and balances system within the Company, with committees independently reviewing and evaluating key aspects of operations and decision making. Overall, Board level committees enhance governance practices, strengthen board effectiveness, and contribute to the long-term success of the Company. The Board is regularly briefed about the deliberations, including summary of discussions and minutes of the committee meetings. The business transacted by the committees of the Board is placed before the Board for noting / recommendation / approval as applicable.

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

- Audit Committee;
- Nomination and Remuneration Committee;

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

1. Audit Committee ("AC"):

Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
- Approval of payment of fees 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 about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of 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;
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- Reviewing of information as prescribed under the SEBI Listing Regulations (as amended from time to time); and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
P. V. Bhide	Chairperson	ID
R. Shankar Raman	Member	NED
Shailesh Haribhakti	Member	ID
Thomas Mathew T.	Member	ID
Rajani R. Gupte(1)	Member	ID

(1) Ceased as a Member of the Committee w.e.f July 19, 2022.

Meetings and Attendance:

The AC met four times during the year on April 29, 2022, July 19, 2022, October 20, 2022 and January 13, 2023. 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
P. V. Bhide	4	4
R. Shankar Raman	4	4
Shailesh Haribhakti	4	4
Thomas Mathew T.	4	4
Rajani R. Gupte(1)	1	1

(1) Ceased as a Member of the Committee w.e.f. July 19, 2022

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

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

2. Nomination and Remuneration Committee ("NRC"):

Terms of reference:

The role of the NRC includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of Board / Committees / Directors;
- 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;

- Recommending to the Board appointment of Chief Compliance Officer in accordance with RBI regulations;
- Ensuring that:
  a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  c. remuneration to directors, key managerial personnel and senior management personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Formulating the Employee Stock Option Scheme (ESOS), decide the terms and conditions, make appropriate recommendations to the Board of Directors and administering and superintending ESOS; and
- Determining the remuneration payable to the senior management personnel as defined under the SEBI Listing Regulations including Chief Financial Officer and Company Secretary of the Company.

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Thomas Mathew T.	Chairperson	ID
R. Shankar Raman	Member	NED
Shailesh Haribhakti	Member	ID
P. V. Bhide	Member	ID
Rajani R. Gupte(1)	Member	ID
Pavninder Singh	Member	NED / ND
Nishi Vasudeva(2)	Member	ID

(1) Appointed as a Member of the Committee w.e.f. June 15, 2022.
(2) Ceased to be a Member of the Committee post completion of her tenure as an Independent Director w.e.f. June 14, 2022.

Meetings and Attendance:

The NRC met three times during the year on April 28, 2022, October 19, 2022 and January 12, 2023.

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
Thomas Mathew T.	3	3
R. Shankar Raman	3	3
Shailesh Haribhakti	3	2
P. V. Bhide	3	3
Rajani R. Gupte(1)	2	2
Pavninder Singh	3	3
Nishi Vasudeva(2)	1	1

(1) Appointed as a Member of the Committee w.e.f. June 15, 2022.
(2) Ceased to be a Member of the Committee post completion of her tenure as an Independent Director w.e.f. June 14, 2022.

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 services of L&T Group are not paid any commission or sitting fees for attending the meetings of the Board and / or any Committee.

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 NEDs have any pecuniary relationship with the Company, except the sitting fees and commission as approved by the Board.

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment to NEDs is available on the website of the Company at https://www.ltfs.com/

investors (click-Criteria for Payment to NEDs). Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is included in the Board's Report.

Details of remuneration paid to Directors for the financial year ended March 31, 2023:

a) Remuneration to Executive Director(s)

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

(₹ in Cr)

Salary and Perquisites[(1)]	Variable Remuneration[(2)]	Retirement Benefits	Total
7.44	5.60	0.30	13.35

(1) Includes retention / catch-up pay (₹ 3.50 Cr) and perquisite on ESOPs exercised during the year, if any.

(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 three months on either side.
- No severance pay is payable on termination of appointment.
- No ESOPs were granted during the year. The ESOPs granted during earlier years pursuant to approval of the NRC will vest as per the approved vesting schedule.

b) Remuneration to Non-Executive Directors

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

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

In addition to the commission, the Company pays sitting fees of ₹ 60,000 per Board and Independent Directors meeting, ₹ 50,000 per Audit Committee and Nomination and Remuneration Committee meeting and ₹ 40,000 per meeting for other Committee meetings.

The details of remuneration to the NEDs are as follows:

(₹ in Lakh)

Name of the Director	Sitting fees for Board Meeting / Independent Director Meeting	Sitting fees for Committee Meetings	Commission [(1)]	Total
S.N. Subrahmanyan[(2)]	-	-	-	**-**
R. Shankar Raman[(2)]	-	-	-	**-**
Shailesh Haribhakti	6.00	5.40	24.20	**35.60**
P. V. Bhide	6.00	4.30	21.80	**32.10**
Thomas Mathew T.	6.00	5.10	16.60	**27.70**
Rajani R. Gupte	4.80	3.90	19.33	**28.03**
Pavninder Singh	3.60	1.90	13.00	**18.50**
Nishi Vasudeva	1.80	0.90	5.70	**8.40**
Prabhakar B.	1.20	0.40	4.30	**5.90**

(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, 2023 are as follows:

Name of the Director	No. of Equity Shares
S.N. Subrahmanyan	4,987
R. Shankar Raman	30,080
Shailesh Haribhakti	5,39,038
P. V. Bhide	6,136

3. Corporate Social Responsibility ("CSR") and ESG Committee:

Terms of reference:

The role of CSR and ESG Committee includes the following:

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

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Shailesh Haribhakti	Chairperson	ID
Dinanath Dubhashi	Member	MD & CEO
Rajani R. Gupte	Member	ID
R. Shankar Raman(1)	Member	NED
P. V. Bhide(2)	Member	ID
Nishi Vasudeva(3)	Member	ID

(1) Ceased to be Member of the Committee w.e.f July 19, 2022.
(2) Ceased to be Member of the Committee w.e.f July 19, 2022.
(3) Ceased to be a Member of the Committee post completion of her tenure as an Independent Director w.e.f. June 14, 2022.

Meetings and Attendance:

The Committee met once in the year on April 28, 2022 and all the members, of the CSR and ESG Committee, except Mr. R. Shankar Raman had attended the meeting.

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 cases for refusal of transfer / transmission of shares, debentures and other securities, if any;
- Reviewing of measures taken for effective exercise of voting rights by shareholders;
- Reviewing of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent; and
- Reviewing of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
Rajani R. Gupte(1)	Chairperson	ID
Dinanath Dubhashi(2)	Member	MD & CEO
P. V. Bhide(3)	Member	ID
R. Shankar Raman(4)	Member	NED
Nishi Vasudeva(5)	Member	ID

(1) Appointed as a Chairperson and Member of the Committee w.e.f July 19, 2022.

(2) Appointed as a Member of the Committee w.e.f. June 15, 2022.

(3) Ceased to be the Chairperson of the Committee w.e.f July 19, 2022.

(4) Ceased to be the Member of the Committee w.e.f July 19, 2022.

(5) Ceased to be a Member of the Committee post completion of her tenure as an Independent Director w.e.f. June 14, 2022.

Meetings and Attendance:

The SRC met once during the year on October 19, 2022 and all the members of the SRC had attended the meeting.

Details of Shareholders' requests / complaints:

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

Particulars	Opening	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchanges[1]	0	7	7	0
Others	0	1	1	0

(1) SEBI-3, Stock Exchange-4

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

5. Committee of Directors ("COD")

Terms of reference:

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

Composition:

Name of the Director	Designation in the Committee	Nature of Directorship
S.N. Subrahmanyan[1]	Member	NED
R. Shankar Raman	Member	NED
Dinanath Dubhashi	Member	MD & CEO
Shailesh Haribhakti[2]	Member	ID

(1) Appointed as a Member of the Committee w.e.f July 19, 2022

(2) Ceased to be Member of the Committee w.e.f July 19, 2022

Meetings and Attendance:

No meetings of the COD were held during the year, however the COD had approved certain items through resolutions passed by way of circulation.

6. Group Risk Management Committee ("GRMC"):

Terms of reference:

The role of the GRMC includes the following:

- Formulating a detailed risk management policy including:
  a. Framework for identification of internal and external risks specifically faced by the Company, its subsidiaries and the respective businesses ("LTFH Group"), in particular including financial, market, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  c. Business continuity plan.
- Analyzing the material risks to which LTFH Group is exposed to;
- Discussing all risk strategies both at an aggregated LTFH Group level and by type of risk and make recommendations to the Board in accordance with LTFH Group's overall risk appetite;
- Identifying potential intra-group conflicts of interest;
- Articulating the leverage of LTFH Group and monitor the same;

- Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of LTFH Group and facilitate exchange of information for effective risk oversight of LTFH Group;
- Assessing whether the corporate governance framework addresses risk management across LTFH Group;
- Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Undertaking risk monitoring regarding transactions of investee companies of the Company with other group companies of L&T Limited;
- Periodically reviewing the risk management policy, at least once a year including by considering the changing industry dynamics and evolving complexity;
- Periodically carrying out independent formal review of the LTFH Group structure and internal controls;
- Keeping the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any); and
- Such other functions as the Board may from time-to-time delegate to it with respect to the Risk Management function of the Company and the group or may be prescribed under law.

Composition:

Name of the Member	Designation in the Committee	Nature of Directorship
Shailesh Haribhakti	Chairperson	ID
Managing Director & Chief Executive Officer	Member	-
R. Shankar Raman	Member	NED
Rajani R. Gupte	Member	ID
Pavninder Singh	Member	NED / ND
Chief Risk Officer	Member	-
Prabhakar B.[1]	Member	NED

[1] Ceased to be a Director on the Board of the Company w.e.f. July 11, 2022 as did not offer himself for re-appointment on retiring by rotation.

Meetings and Attendance:

The Committee met four times during the year on June 29, 2022, September 27, 2022, December 23, 2022 and March 16, 2023. 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
Shailesh Haribhakti	4	4
Managing Director & Chief Executive Officer	4	4
R. Shankar Raman	4	2
Rajani R. Gupte	4	4
Pavninder Singh	4	1
Chief Risk Officer	4	4
Prabhakar B.[1]	1	1

[1] Ceased to be a Director on the Board of the Company w.e.f. July 11, 2022 as did not offer himself for re-appointment on retiring by rotation.

7. IT Strategy Committee ("ITC"):

Terms of Reference:

The role of ITC includes the following:

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

aware about exposure towards IT risks and controls; and

- Instituting an effective governance mechanism and risk management processes for all outsourced IT operations.

Composition:

Name of the Member	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T.	Chairperson	ID
Managing Director & Chief Executive Officer	Member	MD & CEO
Chief Information Officer	Member	-
Chief Technology Officer	Member	-
Chief Risk Officer	Member	-
Chief Information Security Officer	Member	-
Mr. Shailesh Haribhakti(1)	Member	ID

(1) Ceased to be Member of the Committee w.e.f July 19, 2022.

Meetings and Attendance:

The Committee met four times during the year on June 29, 2022, September 16, 2022, December 23, 2022 and March 23, 2023. 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
Thomas Mathew T.	4	4
Managing Director & Chief Executive Officer	4	4
Chief Information Officer	4	4
Chief Technology Officer	4	4
Chief Risk Officer	4	3
Chief Information Security Officer	4	4
Shailesh Haribhakti(1)	1	1

(1) Ceased to be Member of the Committee w.e.f July 19, 2022.

8. Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

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

Composition:

Name of the Member	Designation in the Committee	Nature of Directorship
Managing Director & Chief Executive Officer	Chairperson	-
Vipul Chandra	Member	Representative of Larsen & Toubro Limited
Group Chief Financial Officer	Member	-
Chief Risk Officer	Member	-
Group Chief Economist	Member	-

Meeting details:

The Committee met twelve times during the year on April 22, 2022, May 17, 2022, June 17, 2022, July 28, 2022, August 22, 2022, September 21, 2022, October 14, 2022, November 24, 2022, December 22, 2022, January 24, 2023, February 17, 2023 and March 24, 2023.

D. Directors on Boards of Material Subsidiaries

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

E. Other Information

1. Training of Directors:

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

2. 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 make presentations about the performance of the Company / business to the Board and even outside the meetings.

3. Statutory Auditors:

Hasmukh B. Dedhia, Partner of KKC & Associates LLP (formerly known as Khimji Kunverji & Co. LLP) Statutory Auditors of the Company has signed the Audit Report for FY23.

4. Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and senior management personnel. The Code of Conduct is available on the website of the Company at *https://www.ltfs.com/investors* (click-Code of Conduct). The declaration of Managing Director & Chief Executive Officer is given below:

To the Members of
L&T Finance Holdings Limited

Sub: Compliance with Code of Conduct

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

Dinanath Dubhashi
Managing Director & Chief Executive Officer

Date: April 28, 2023
Place: Mumbai

5. Vigil Mechanism Framework / Whistle-Blower Mechanism:

The Company has formulated a vigil mechanism framework for Directors, employees and service providers (agency, vendor, contractor or any outsourced partner) ("collectively known as stakeholders") to report their concerns. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the stakeholders can raise actual or suspected violations. The Vigil Mechanism Policy empowers all levels of employees including top management and service providers to raise voice against actual / suspected violations. The implementation of the framework is monitored through the Whistle-blower Investigation Committee which meets on a quarterly basis and all cases are discussed in detail before it is presented to the AC. It addresses all concerns raised on questionable practices. The framework ensures protection to the Whistle-blower to avoid any sort of unfair or prejudicial employment practices. The Whistle-blower Investigation Committee and management maintain the anonymity of the whistle blower at all times.

The details of establishment of such mechanism have been disclosed on the website of the Company at *https://www.ltfs.com/investors* (click - Policy on Vigil Mechanism).

As on March 31, 2023, 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 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 / Mode of conducting the meeting
2019- 20	July 28, 2020	3:00 P.M.	Through electronic mode video conferencing ('VC') / other audio-visual means ('OAVM') being held through VC / OAVM. The deemed venue of the AGM was the Registered Office of the Company.
2020-21	July 28, 2021	3:00 P.M.	Through electronic mode video conferencing ('VC') / other audio-visual means ('OAVM') being held through VC / OAVM. The deemed venue of the AGM was the Registered Office of the Company.
2021-22	July 11, 2022	3:30 P.M.	Through electronic mode video conferencing ('VC') / other audio-visual means ('OAVM') being held through VC / OAVM. The deemed venue of the AGM was the Registered Office of the Company.

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

Year	Date	Resolution
2019-20	July 28, 2020	➢ Re-appointment of Mr. Thomas Mathew T. (DIN: 00130282) 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.
2020-21	July 28, 2021	No special resolutions were passed.
2021-22	July 11, 2022	Sale of undertaking under Section 180(1)(a) of the Companies Act, 2013

Postal Ballot:

The Company had not passed any special resolution through Postal Ballot during FY23. Further, as of date of this report, 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) and other applicable provisions 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, 2023, there were no funds unutilized requiring disclosure as specified under Regulation 32(7A) of the SEBI Listing Regulations.

- M/s Alwyn Jay & Co., Practicing 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 FY23, total consolidated fees of ₹ 0.38 Cr was paid to the Statutory Auditors {i.e., KKC & Associates LLP (formerly known as Khimji Kunverji & Co. LLP)} for all the services rendered to the Company. No services were rendered by the Statutory Auditors to the subsidiaries of the Company.
- There were no complaints of sexual harassment of women at workplace received by the Company during FY23 and FY22.
- The Board of Directors confirm that during the year, it has accepted all mandatory recommendations received from its committees.
- For disclosures pertaining to credit ratings, please refer the Board's Report.
- There were no loans and advances in the nature of loans to firms / companies in which directors are interested in.
- Details of material subsidiaries of the listed entity are as follows:

  Name of the subsidiary: L&T Finance Limited

  Date of incorporation: November 24, 1993

  Place of incorporation: Kolkata

  Name of Statutory Auditors: M/s Kalyaniwalla & Mistry LLP, Chartered Accountants (FRN: 104607W/ LLP W100166) and M/s M S K A & Associates, Chartered Accountants (ICAI Registration No. 105047W), Joint Statutory Auditors

  Date of appointment of statutory auditors: August 3, 2021

Means of Communication:

- Quarterly Results are communicated through Newspaper Advertisements in prominent national and regional dailies like Financial Express and Navshakti and through investor calls / meets.
- The financial results, official news releases and presentations are also displayed on the website of the Company at https://www.ltfs.com/investors.
- The Annual Report is circulated to all the Members, Statutory Auditors, Secretarial Auditor, Directors and such other persons who are entitled to receive the Annual Report.
- Management Discussion and Analysis section forms a part of the Annual Report and is sent to the Members of the Company.

General Shareholders' Information:

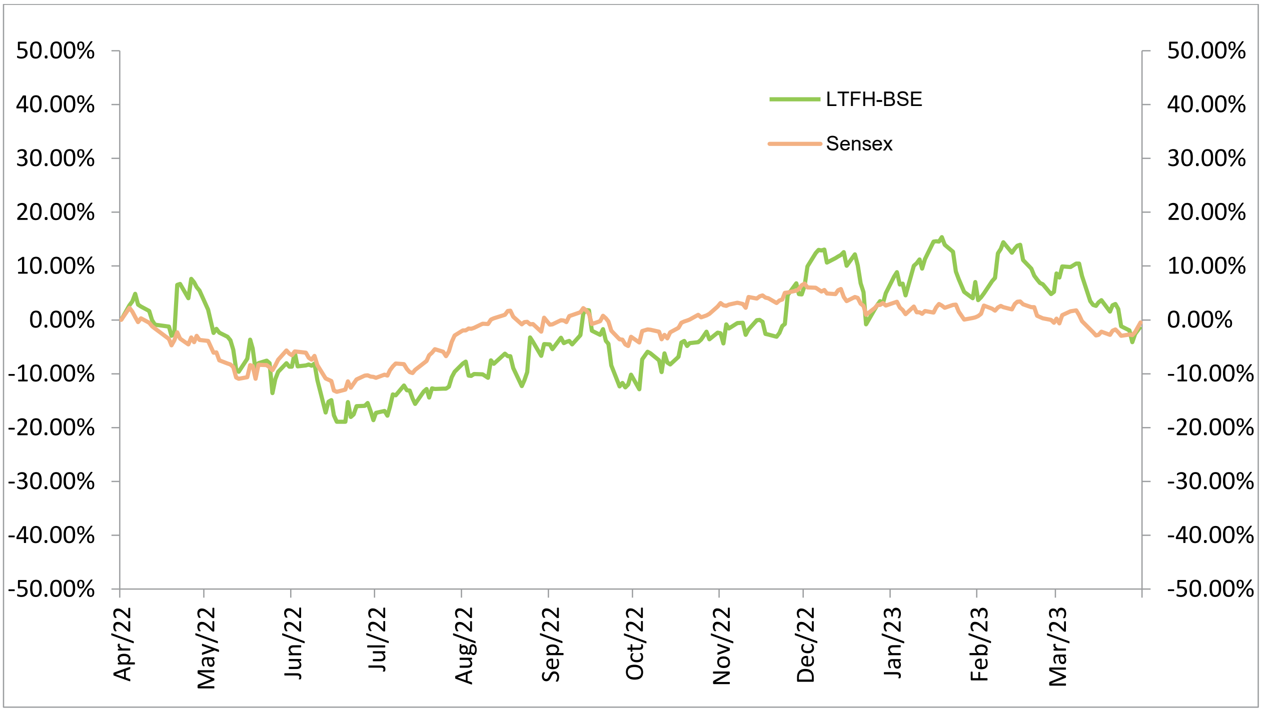
Annual General Meeting	Friday, July 28, 2023 at 4:00 P.M. through video conferencing / other audio- visual means (deemed venue - Registered Office of the Company)
Financial Year	April 1, 2022 to March 31, 2023
Record Date for Dividend	July 21, 2023
Dividend Payment Date	The dividend of ₹ 2 per Equity Share of face value of ₹ 10 each, if approved by the Members at the ensuing AGM, will be credited / dispatched on or before August 27, 2023.
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 FY23.
Stock Code (Equity)	BSE : 533519 NSE : L&TFH
CIN	L67120MH2008PLC181833

AGM through electronic mode:

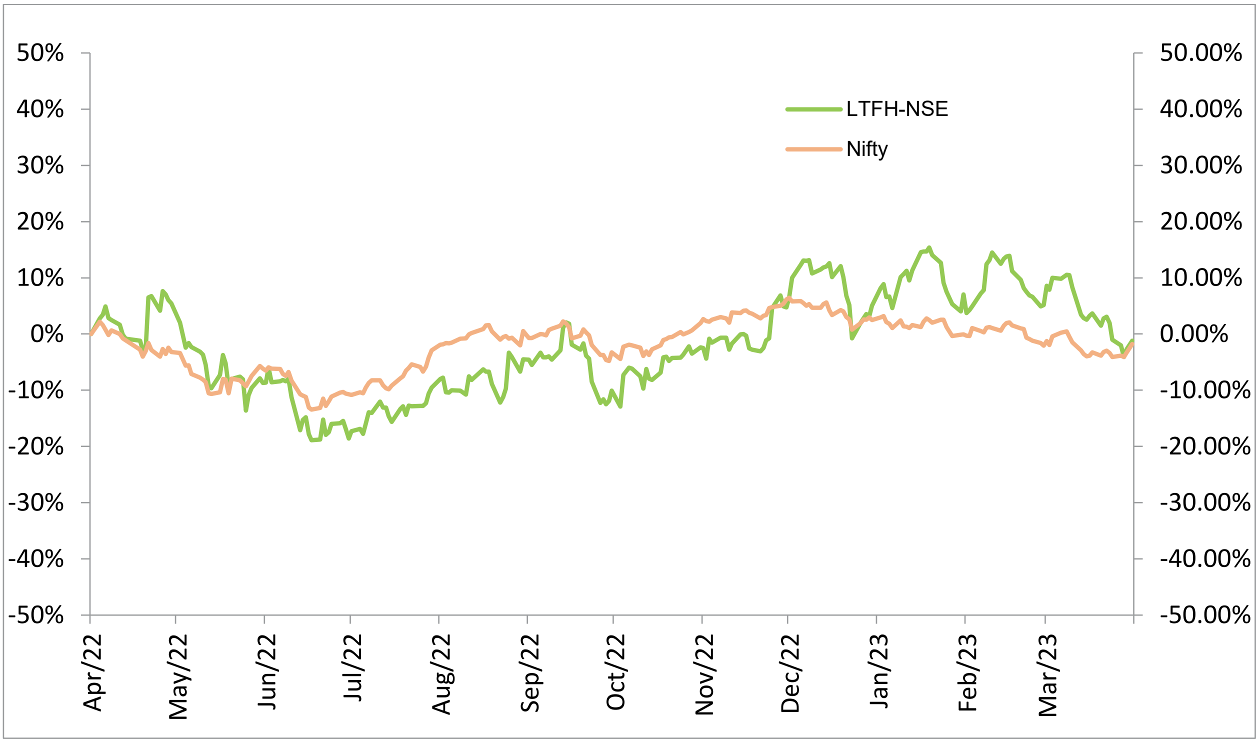
The Company will provide two-way video conferencing facility to the members for participating in the Fifteenth AGM. For more details, please refer the Notice of the Fifteenth AGM, which is placed on the Company's website https://www.ltfs.com/investors and on the website of Stock Exchanges.

Market Price Data and Performance in comparison to broad based indices:

Month	LTFH BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr-2022	92.20	79.90	87.55	60,845.10	56,009.07	57,060.87
May-2022	87.25	70.30	75.85	57,184.21	52,632.48	55,566.41
Jun-2022	79.00	66.00	67.60	56,432.65	50,921.22	53,018.94
Jul-2022	76.10	66.40	75.05	57,619.27	52,094.25	57,570.25
Aug-2022	82.85	72.20	79.30	60,411.20	57,367.47	59,537.07
Sep-2022	86.50	71.95	74.60	60,676.12	56,147.23	57,426.92
Oct-2022	82.95	72.15	81.10	60,786.70	56,683.40	60,746.59
Nov-2022	90.30	78.80	87.00	63,303.01	60,425.47	63,099.65
Dec-2022	96.35	81.05	87.20	63,583.07	59,754.10	60,840.74
Jan-2023	98.25	85.10	88.90	61,343.96	58,699.20	59,549.90
Feb-2023	96.50	83.75	87.40	61,682.25	58,795.97	58,962.12
Mar-2023	93.26	78.97	82.03	60,498.48	57,084.91	58,991.52



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2022	92.20	79.80	87.55	18,114.65	16,824.70	17,102.55
May-2022	87.30	70.30	75.80	17,132.85	15,735.75	16,584.55
Jun-2022	78.95	65.95	67.60	16,793.85	15,183.40	15,780.25
Jul-2022	76.10	66.30	75.15	17,172.80	15,511.05	17,158.25
Aug-2022	84.50	72.05	79.30	17,992.20	17,154.80	17,759.30
Sep-2022	86.50	72.00	74.70	18,096.15	16,747.70	17,094.35
Oct-2022	82.90	72.10	81.10	18,022.80	16,855.55	18,012.20
Nov-2022	90.35	78.75	87.00	18,816.05	17,959.20	18,758.35
Dec-2022	96.35	81.40	87.25	18,887.60	17,774.25	18,105.30
Jan-2023	98.30	85.10	88.90	18,251.95	17,405.55	17,662.15
Feb-2023	96.50	83.70	87.35	18,134.75	17,255.20	17,303.95
Mar-2023	93.30	78.95	82.05	17,799.95	16,828.35	17,359.75



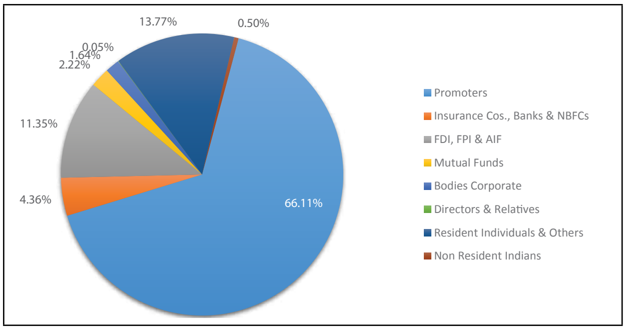
In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent ("RTA")	**M/s Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai-400 083, Maharashtra, India. Tel: +91 22 4918 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 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 (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2022, transmission or transposition of securities held in physical form can be effected only in dematerialized form. Therefore, Members holding shares in physical form are requested to take necessary action to dematerialize the holdings.

Distribution of Shareholding as on March 31, 2023:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	6,15,049	84.59	7,69,63,606	3.10
501-1000	56,365	7.75	4,29,05,211	1.73
1001-2000	30,333	4.17	4,42,88,816	1.79
2001-3000	9,604	1.32	2,42,38,692	0.98
3001-4000	4,323	0.59	1,53,35,024	0.62
4001-5000	3,023	0.42	1,41,30,707	0.57
5001-10000	4,852	0.67	3,53,04,152	1.42
10001 and above	3,566	0.49	2,22,65,04,909	89.79
Total	**7,27,115**	**100.00**	**2,47,96,71,117**	**100.00**

Category of the Shareholders as on March 31, 2023:

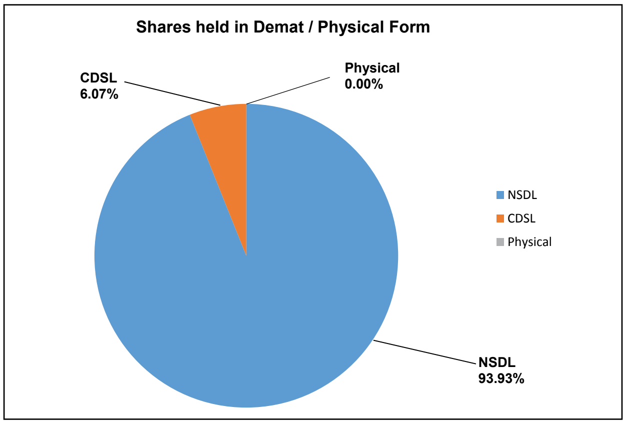
Category	No. of Shares	%
Promoters	1,63,92,29,920	66.11
Insurance Companies, Banks & NBFCs	10,81,28,906	4.36
Foreign Direct Investment, Foreign Portfolio Investors & Alternate Investment Funds	28,13,81,872	11.35
Mutual Funds	5,51,40,350	2.22
Bodies Corporate	4,05,95,548	1.64
Directors & Relatives	12,40,834	0.05
Resident Individuals & Others	34,14,69,423	13.77
Non-Resident Indians	1,24,84,264	0.50
Total	**2,47,96,71,117**	**100.00**



Dematerialization of Shares:

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

Particulars	No. of Shares	%
National Securities Depository Limited ("NSDL")	2,32,91,69,448	93.93
Central Depository Services (India) Limited ("CDSL")	15,04,72,773	6.07
Physical	28,896	0.00
TOTAL	**2,47,96,71,117**	**100.00**



Dematerialization of shares and liquidity	As on March 31, 2023 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 28,896 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, 2023.
Commodity price risk or foreign exchange risk and hedging activities	Commodity price risk: Not applicable. During the year, the Company has hedged its foreign currency risk by entering into forward contract in relation to sale of its investments in the mutual fund business and other foreign currency transactions.
Plant Locations	As the Company is engaged in the business of Non-Banking Financial Services, this section is not applicable.

Address for correspondence	**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
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 following are the details in respect of Equity Shares lying in the suspense account which were issued in dematerialised 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, 2022.	149	15,665
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2022-23.	26	2,687
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2022-23.	26	2,687
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e., March 31, 2023[1].	123	12,978

(1) The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Transfer of amounts / shares to Investor Education and Protection Fund ("IEPF"):

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

During the year under review, the Company has transferred to IEPF a sum of ₹ 21,20,629 being the amount towards unpaid / unclaimed dividend on the Equity Shares of the Company. The unclaimed / unpaid dividend amount transferred is out of the dividend declared in FY16.

Further, 63,652 shares in respect of which the dividend was unpaid / unclaimed for a period of 7 consecutive years was also transferred to IEPF on November 12, 2022.

For the Company, the amount which is unpaid / unclaimed for a period exceeding 7 years is due to be transferred to IEPF by September 29, 2023. 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 11, 2022 (date of last AGM) are available on the website of the Company at *https://www.ltfs.com/investors* (click-Details of Unpaid and Unclaimed Dividend) and Ministry of Corporate Affairs at *https://www.iepf.gov.in*. The Company requests the Members to claim the unclaimed dividend within the prescribed period. The Members can contact M/s. Link Intime India Private Limited, the Registrar and Share Transfer Agents 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 *https://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 disclosures as defined in the Code.

Ms. Kavita Shetty, 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 29, 2022 had appointed M/s Alwyn Jay & Co., Practicing Company Secretary as the Secretarial Auditor of the Company for FY23.

As stipulated by SEBI, a 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 dematerialised form and in physical form as at March 31, 2023.

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

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

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

Dear Sirs / Madams,

We have reviewed the consolidated financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2023 and that to the best of our knowledge and belief, we state that;

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

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

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

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

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

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

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

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

Yours sincerely,

Dinanath Dubhashi
Managing Director
& Chief Executive Officer
DIN: 03545900

Sachinn Joshi
Chief Financial Officer

Place: Mumbai
Date: April 28, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of
L&T Finance Holdings Limited
Brindavan, Plot No. 177, C.S.T Road,
Kalina, Santacruz (East),
Mumbai - 400098.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **L&T Finance Holdings Limited** having **CIN L67120MH2008PLC181833** and having registered office at Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098 IN (hereinafter referred to as **'the Company'**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Sub-clause 10(i) of Clause C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Designation	Date of appointment / re-appointment
1.	Sekharipuram Narayanan Subrahmanyan	02255382	Director	28/02/2022
2.	Dinanath Mohandas Dubhashi	03545900	Managing Director	14/04/2021
3.	Ramamurthi Shankar Raman	00019798	Non-Executive Director	01/05/2008
4.	Shailesh Vishnubhai Haribhakti	00007347	Independent Director	01/04/2019
5.	Pradeep Vasudeo Bhide	03304262	Independent Director	01/04/2019
6.	Thomas Mathew Thumpeparambil	00130282	Independent Director	01/07/2020
7.	Rajani Rajiv Gupte	03172965	Independent Director	28/06/2018
8.	Pavninder Singh	03048302	Nominee Director	15/06/2017

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

ALWYN JAY & Co.
Company Secretaries

Place: Mumbai
Date: April 21, 2023

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058E000163328

Office Address:
Annex-103, Dimple Arcade, Asha Nagar,
Kandivali (East), Mumbai 400101.

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of
L&T Finance Holdings Limited

1. We have examined the compliances of the conditions of Corporate Governance by **L&T Finance Holdings Limited** ("the Company") for the financial year ended **March 31, 2023**, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ('SEBI Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended **March 31, 2023**.
4. 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.

ALWYN JAY & Co.
Company Secretaries

Place: Mumbai
Date: April 21, 2023

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058E000163394

Office Address:
Annex-103, Dimple Arcade, Asha Nagar,
Kandivali (East), Mumbai 400101.

Independent Auditors' Report

To
The Members of
L&T Finance Holdings Limited

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of L&T Finance Holdings Limited ('the Company'), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').

2. 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 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Key Audit Matters

4. 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 year. 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.

Key Audit Matter	How the matter was addressed in our audit
Impairment of Investments in subsidiaries: We have identified impairment testing of investments in subsidiaries as a Key Audit Matter due to the magnitude of the carrying value of investments in subsidiaries of the Company, which were more than 82% of the total assets of the Company as on 31 March 2023. Considering that the Company is a Core Investment Company ('CIC') which is primarily required to hold investments and loans in group companies as per Reserve Bank of India Master Directions for CICs, impairment testing of investments in such group companies continues to remain an area of focus for the audit.	Our audit procedures included the following: **Design / controls** ➢ Understanding of the process, evaluating the design and testing the operating effectiveness in respect of impairment assessment of investments done by management. ➢ Evaluating management's controls over collation of relevant information used for determining estimates for impairment value of investments. **Substantive tests** ➢ Testing appropriate implementation of policy of impairment by management.

Key Audit Matter	How the matter was addressed in our audit
The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of impairment are: ➢ As part of such impairment assessment, management considers financial information, liquidity and solvency position of investments in subsidiaries. Management also considers other factors such as assessment of the investee company's operations, business performance and modifications, if any, in the auditors' report of such subsidiaries. Hence, we determined that the impairment of investments in subsidiaries which involves management judgement, with a potential range of reasonable outcomes greater than our materiality for the Standalone Financial Statements as a whole.	➢ Reconciling the financial information mentioned in impairment assessment to underlying source details. Also, testing the reasonableness of management's estimates considered in such assessment. ➢ Obtaining and reading latest audited/ management certified financial statements of subsidiaries and noting key financial attributes / potential indicators of impairment. Assessing the factual accuracy and appropriateness of the disclosures made in the Standalone Financial Statements.

Other Matter

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. 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 in the 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. 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 state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the Standalone Financial Statements, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Standalone Financial Statements

11. 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.

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

12.1. 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.

12.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

12.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

12.4. Conclude on the appropriateness of the 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.

12.5. 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.

13. 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.

14. 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.

15. 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 year 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

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143(3) of the Act, we report that:

17.1. 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.

17.2. 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.

17.3. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.

17.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

17.5. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

17.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

17.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

18. 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, in our opinion and to the best of our information and according to the explanations given to us:

18.1. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Standalone Financial Statements – Refer Note 44 to the Standalone Financial Statements;

18.2. The Company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 56 to the Standalone Financial Statements;

18.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

18.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

18.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 18.4 and 18.5 contain any material misstatement.

18.7. In our opinion and according to the information and explanations given to us and as stated in Note No. 54(7) to the Financial Statements, the final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

18.8. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-24 onwards.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSRD1883

Place: Mumbai
Date: 28 April 2023

Annexure 'A' to the Independent Auditors' Report

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of L&T Finance Holdings Limited for the year ended 31 March 2023

(Referred to in paragraph 16 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 ('PPE').

The Company does not have any intangible assets.

(b) The PPE were physically verified by the Management 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 explanations 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 paragraph 3(i)(c) of the Order is not applicable.

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) during the year. The Company does not have any intangible assets.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company and as stated in Note No 57(3) to Standalone Financial Statements, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, at any point of time of the year, the Company has not been sanctioned working capital limits in excess of rupees five crore, in aggregate, from banks or financial institutions on the basis of security of current assets and hence reporting under paragraph 3(ii)(b) of the Order is not applicable.

iii. (a) Since the Company's principal business is to give loans, the provisions of clause (iii)(a) of the Order are not applicable it.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c) In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular during the year.

(d) In our opinion and according to the information and explanations given to us, no amount is overdue in respect of loans and advances in the nature of loans.

(e) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(e) of the Order are not applicable to it.

(f) In our opinion and according to the information and explanations given to us, the Company has granted loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act which are either repayable on demand or without specifying any terms or period of repayment.

(₹ in crore)

	All Parties	Promoters	Related Parties
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B)	2,357.25	-	2,357.25
Total (A+B)	**2,357.25**	**-**	**2,357.25**
Percentage of loans/ advances in nature of loans to the total loans	100%	-	100%

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act with respect to the loans given, investments made, guarantees given and security provided.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under sub-section (1) section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) In our opinion and according to the information and explanations given to us the amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited by the Company with the appropriate authorities during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, we confirm that there are no dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, which have not been deposited to/with the appropriate authority on account of any dispute.

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Refer Note No 57(4) of the Standalone Financial Statements.

ix. (a) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, government and dues to debenture holders or in the payment of interest thereon to any lender during the year. The Company does not have any borrowings from the Government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender. Refer Note No. 57(5) to the Standalone Financial Statements.

(c) The Company has neither taken any term loan during the year nor there are unutilized term loans at the beginning of the year; hence, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have, prima facie, been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

x. (a) In our opinion and according to the information and explanations given to us and procedures performed by us, the money raised by way of further public offer by the Company during the previous years have been utilized during the year for the purpose for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year and hence, paragraph 3(x)(b) of the Order is not applicable to the Company.

xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any material fraud on the Company that has been noticed or reported during the year nor have we been informed of any such case by the Management.

(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, during the course of our audit, the reports of the internal Auditor for the period under audit in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

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

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is a Core Investment Company ('CIC') as defined in the regulations made by Reserve Bank of India. The Company has obtained the required registration with Reserve Bank of India and continues to fulfil the criteria of a CIC.

(d) According to the information and explanation given to us by the Management, in the group (in accordance with Core Investment Companies (CICs) (Reserve Bank) Directions, 2016) there is 1 company (i.e., the Company) forming part of the promoter/promoter group of the Company which is CIC.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year and accordingly paragraph 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. In our opinion, as per section 135 of the Act, no amount was required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year. Accordingly, reporting under clause (xx) is not applicable to the Company.

xxi. Reporting under clause xxi of the Order is not applicable at the standalone level.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSRD1883

Place: Mumbai
Date: 28 April 2023

Annexure 'B' to the Independent Auditors' Report

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of L&T Finance Holdings Limited for the year ended 31 March 2023

(Referred to in paragraph 17.6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of L&T Finance Holdings Limited ('the Company') as at 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls 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 ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 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 Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, 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 Standalone Financial Statements, whether due to fraud or error.

6. 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 with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, 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 with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSRD1883

Place: Mumbai
Date: 28 April 2023

Standalone Balance Sheet as at March 31, 2023

(₹ in crore)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS:			
(1) Financial assets			
(a) Cash and cash equivalents	**2**	33.52	141.20
(b) Bank balance other than (a) above	**3**	31.06	30.21
(c) Derivative financial instruments	**4**	–	3.08
(d) Receivables	**5**		
(I) Trade receivables		–	–
(II) Other receivables		1.37	–
(e) Loans	**6**	2,357.25	1,150.25
(f) Investments	**7**	11,391.51	9,202.12
(g) Other financial assets	**8**	3.05	3.27
(2) Non-financial assets			
(a) Current tax assets (net)	**9**	28.90	25.17
(b) Deferred tax assets (net)	**10**	0.60	–
(c) Property, plant and equipment	**11**	0.29	0.56
(d) Other non-financial assets	**12**	0.30	0.60
(3) Group(s) of assets classified as held for sale	**43**	–	867.56
TOTAL ASSETS		**13,847.85**	**11,424.02**
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		53.94	3.83
(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		–	7.29
(b) Borrowings (other than debt securities)	**14**	5.00	5.00
(c) Subordinated liabilities	**15**	–	99.82
(d) Other financial liabilities	**16**	9.22	7.45
(2) Non financial liabilities			
(a) Current tax liabilities (net)	**17**	24.35	26.23
(b) Provisions	**18**	1.41	1.00
(c) Deferred tax liabilities (net)	**19**	–	0.32
(d) Other non-financial liabilities	**20**	1.16	1.95
(3) Equity			
(a) Equity share capital	**21**	2,479.67	2,474.04
(b) Other equity	**22**	11,273.10	8,797.09
TOTAL LIABILITIES AND EQUITY:		**13,847.85**	**11,424.02**
Significant accounting policies	**1**		
See accompanying notes forming part of the financial statements	**2 to 61**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Standalone Statement of Profit and Loss for the year ended March 31, 2023

(₹ in crore)

Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations				
(i)	Interest income	**23**	152.17	84.05
(ii)	Dividend income	**24**	191.49	251.82
(iii)	Net gain on fair value changes	**25**	3.71	–
(I)	**Total revenue from operations**		**347.37**	**335.87**
(II)	Other income	**26**	12.66	14.59
(III)	**Total income (I+II)**		**360.03**	**350.46**
Expenses				
(i)	Finance costs	**27**	6.05	73.49
(ii)	Impairment on financial instruments	**28**	0.24	0.02
(iii)	Employee benefit expenses	**29**	12.73	14.70
(iv)	Depreciation, amortization and impairment	**30**	0.26	0.37
(v)	Other expenses	**31**	57.64	7.45
(IV)	**Total expenses**		**76.92**	**96.03**
(V)	**Profit before exceptional items and tax (III-IV)**		**283.11**	**254.43**
(VI)	Exceptional items (refer note 43)		2,858.09	–
(VII)	**Profit before tax (V+VI)**		**3,141.20**	**254.43**
(VIII)	**Tax expense /(benefit) :**			
	(1) Current tax		569.61	36.40
	(2) Deferred tax		(0.11)	(0.15)
(IX)	**Profit for the year (VII-VIII)**		**2,571.70**	**218.18**
(X)	**Other comprehensive income**			
A	Items that will not be reclassified to profit or loss (i) Remeasurements of the defined benefit plans (net of tax)		0.04	0.11
B	Items that will be reclassified to profit or loss (i) The effective portion of gains and loss on hedging instruments in a cash flow hedge (net of tax)		(2.31)	2.31
	Other comprehensive income		**(2.27)**	**2.42**
(XI)	**Total comprehensive income for the year (IX+X)**		**2,569.43**	**220.60**
(XII)	**Earnings per equity share**			
	Basic (₹)	**41**	10.38	0.88
	Diluted (₹)		10.35	0.88
Significant accounting policies		**1**		
See accompanying notes forming part of the financial statements		**2 to 61**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,47,40,35,488	2,474.04	2,46,94,45,704	2,469.45
Changes in equity share capital due to prior period errors	–	–	–	–
Restated balance at the beginning of the current reporting year	–	–	–	–
Add: Shares issued during the year				
– On a preferential basis	–	–	–	–
– against rights issue	–	–	–	–
– against employee stock option	56,35,629	5.64	45,89,784	4.59
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**2,47,96,71,117**	**2,479.67**	**2,47,40,35,488**	**2,474.04**

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	Cash flow hedging reserve	Total
Balance at April 1, 2021	7,707.39	6.87	497.84	199.76	124.04	4.94	–	8,540.84
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	218.18	–	–	218.18
Actuarial loss on defined benefit plan (gratuity) net of income tax (d)	–	–	–	–	0.11	–	–	0.11
Other Comprehensive income for the year (net of tax) (e)	–	–	–	–	–	–	2.31	2.31
Total comprehensive income for the year (a+b+c+d+e)	**–**	**–**	**–**	**–**	**218.29**	**–**	**2.31**	**220.60**
Issue of equity shares	44.75	–	–	–	–	–	–	44.75
Share issue expenses	(0.52)	–	–	–	–	–	–	(0.52)
Employee stock option (net)	–	–	–	(8.58)	–	–	–	(8.58)
Transfer to general reserve	–	8.50	–	(8.50)	–	–	–	–
Transfer from retained earnings	–	–	43.63	–	(43.63)	–	–	–
Balance at March 31, 2022	**7,751.62**	**15.37**	**541.47**	**182.68**	**298.70**	**4.94**	**2.31**	**8,797.09**

Standalone Statement of Changes in Equity for the year ended March 31, 2023

(₹ 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	Cash flow hedging reserve	Total
Balance at April 1, 2022	**7,751.62**	**15.37**	**541.47**	**182.68**	**298.70**	**4.94**	**2.31**	**8,797.09**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	2,571.70	–	–	2,571.70
Actuarial loss on defined benefit plan (gratuity) net of income tax (d)	–	–	–	–	0.04	–	–	0.04
Other Comprehensive income for the year (net of tax) (e)	–	–	–	–	–	–	(2.31)	(2.31)
Total comprehensive income for the year (a+b+c+d+e)	**–**	**–**	**–**	**–**	**2,571.74**	**–**	**(2.31)**	**2,569.43**
Issue of equity shares	50.45	–	–	–	–	–	–	50.45
Employee stock option (net)	–	–	–	(20.12)	–	–	–	(20.12)
Transfer to general reserve	–	21.53	–	(21.53)	–	–	–	–
Transfer from retained earnings	–	–	514.34	–	(518.37)	4.03	–	–
Dividend paid	–	–	–	–	(123.75)	–	–	(123.75)
Balance at March 31, 2023	**7,802.07**	**36.90**	**1,055.81**	**141.03**	**2,228.32**	**8.97**	**–**	**11,273.10**

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W-100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Standalone Statement of Cash Flows for the year ended March 31, 2023

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flow from operating activities		
Profit before tax	3,141.20	254.43
Adjustments for:		
Depreciation, amortization and impairment	0.26	0.37
Impairment on financial instruments	0.24	0.02
Share based payment to employees	1.44	4.47
Contribution to gratuity	0.10	0.14
Contribution to superannuation fund	0.27	0.26
Fair value changes on financial instruments	(3.71)	–
Gain from sale of investment in subsidiary	(2,858.09)	–
Operating profit before working capital changes	**281.71**	**259.69**
Changes in working capital:		
Decrease / (increase) in financial assets	(1,208.39)	165.29
Decrease / (increase) in non-financial assets	(0.19)	1.33
Increase in financial liabilities	45.11	4.44
Increase in non-financial liabilities	23.97	20.25
Cash (used in) / generated from operations	**(857.79)**	**451.00**
Net income tax paid	(575.22)	(42.85)
Net cash (used in) / generated from operating activities (A)	**(1,433.01)**	**408.15**
B. Cash flow from investing activities		
Purchase of short term investments (net)	(10.30)	–
Investment in subsidiaries	(2,175.38)	–
Proceeds from sale of Investment in subsidiary	3,725.65	–
Change in other bank balance not available for immediate use	(1.18)	(0.77)
Net cash generated from / (used in) investing activities (B)	**1,538.79**	**(0.77)**

Standalone Statement of Cash Flows for the year ended March 31, 2023

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
C. Cash flow from financing activities		
Proceeds from issue of equity shares including securities premium	10.29	8.32
Payment on redemption of preference shares	(100.00)	(1,024.10)
Share issue expenses	–	(0.52)
Dividend paid	(123.75)	–
Repayment of borrowings	–	(647.98)
Net cash (used in) / generated from financing activities (C)	**(213.46)**	**(1,664.28)**
Net decrease in cash and cash equivalents (A+B+C)	**(107.68)**	**(1,256.90)**
Cash and cash equivalent at the beginning of the year	**141.20**	**1,398.10**
Cash and cash equivalent at the end of the year	**33.52**	**141.20**

Foot 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:

	Year ended March 31, 2023	Year ended March 31, 2022
Interest received	173.18	43.18
Dividend received	191.49	251.82
Interest paid	5.65	67.79

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W-100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Notes forming part of standalone financial statements

Brief Profile:

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

1. Significant Accounting Policies:

1.1 Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by 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.

1.2 Basis of preparation:

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

Fair value measurements under Ind AS are 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

1.3 Presentation of financial statements:

The Balance Sheet, Statement of changes in Equity for the year and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the 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 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.

Notes forming part of standalone financial statements

1.5 Business combination

A Common control business combination, involving entities or business in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 "Business Combination".

Business combinations involving entities or business under common control are accounted for using the pooling of interest method as follows:

(a) The assets and liabilities of the combining entities are reflected at their carrying amounts.

(b) No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonize significant accounting policies.

(c) The financial information in the financial statements in respect of prior period are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

(d) The identity of the reserves are preserved and appear in the financial statements of the transferee in same form in which they appeared in the financial statements of the transferor.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserve with disclosure of its nature and purpose in the notes.

1.6 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.

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:

Notes forming part of standalone financial statements

- 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 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.

Notes forming part of standalone financial statements

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.

(iii) Equity Instruments

Investments in Subsidiaries, Associates and Joint Ventures are out of scope of Ind AS 109, and, hence, the Company has accounted for its investments in Subsidiaries, Associates and Joint Ventures at cost.

(a) Investment in preference shares of the subsidiary companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.

(b) Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income

1.7 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).

Notes forming part of standalone financial statements

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.

1.8 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.

1.9 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

Notes forming part of standalone financial statements

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 behavioral indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviors following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and 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

Notes forming part of standalone financial statements

received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.10 Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

1.11 Derivative financial instruments:

The Company enters into swap contracts and other derivative financial instruments to hedge its exposure to foreign exchange and interest rates. The Company 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. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Notes forming part of standalone financial statements

1.12 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.

(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.

1.13 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.

1.14 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

Notes forming part of standalone financial statements

related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

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

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

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

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

1.15 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 amortization 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.

1.16 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 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.

1.17 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.

Notes forming part of standalone financial statements

(iii) Long term employee benefits:

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

(iv) Termination benefits:

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

1.18 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 30 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

The Company as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Company recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

1.19 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.

1.20 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.

Notes forming part of standalone financial statements

- 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.

1.21 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.

1.22 Foreign currencies:

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

1.23 Taxation:

Current tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent

Notes forming part of standalone financial statements

that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

1.24 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.

1.25 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.

1.26 Earnings per share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.27 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.28 Changes in Indian Accounting standards issued but not effective:

The Ministry of Corporate Affairs notified Companies (Indian Accounting Standards) Amendment Rules, 2023 on March 31, 2023 (G.S.R. 242 (E)). These amendments would be applicable from annual reporting periods beginning on or after 1 April 2023.

Ind AS 1 - Presentation of Financial Statements

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 12 - Income Taxes

Ind AS 34 - Interim Financial Reporting

Ind AS 101 - First-time Adoption of Indian Accounting Standards

Ind AS 102 - Share-based Payment

Ind AS 103 - Business Combinations

Ind AS 107 - Financial Instruments: Disclosures

Ind AS 109 - Financial Instruments

Ind AS 115 - Revenue from Contracts with Customers

The company is in process of evaluating the impact of such amendments.

Notes forming part of standalone financial statements

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance with banks in current accounts	33.27	27.27
Others		
Bank deposits with original maturity less than three months*	0.25	113.93
Total	**33.52**	**141.20**

*includes ₹ Nil (PY ₹ 112.98 crore) towards unutilised funds raised through public issue

3 Bank balance other than note 2 above

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend on equity shares	1.17	1.34
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.94
Balances with banks to the extent held as margin money or security against borrowing, guarantees, other commitments	29.11	27.93
Total	**31.06**	**30.21**

4 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Part I		
(i) Currency derivatives:		
Notional Amounts		
– Currency forward	–	2,766.43
Fair value assets		
– Currency forward	–	3.08
Total derivative financial instruments	**–**	**3.08**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
(i) Cash flow hedging:		
Notional Amounts		
– Currency forward	–	2,766.43
Fair value assets		
– Currency forward	–	3.08
Total derivative financial instruments	**–**	**3.08**

Notes forming part of standalone financial statements

5 Receivables

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables (considered good - unsecured) (refer note below)		
Receivables considered good - Secured	–	–
Receivables considered good - Unsecured	–	–
Total trade receivables	**–**	**–**
Other receivables		
Receivables from related parties (refer note 40)	1.37	–
Total other receivables	**1.37**	**–**
Total	**1.37**	**–**

5a Ageing of trade receivables as at March 31, 2023

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivable Considered Good	–	–	–	–	–	–
Undisputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–
Undisputed Trade Receivable credit impaired	–	–	–	–	–	–
Disputed Trade Receivable Considered Good	–	–	–	–	–	–
Disputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–
Disputed Trade Receivable credit impaired	–	–	–	–	–	–

5a Ageing of trade receivables as at March 31, 2022

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivable Considered Good	–	–	–	–	–	–
Undisputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–
Undisputed Trade Receivable credit impaired	–	–	–	–	–	–
Disputed Trade Receivable Considered Good	–	–	–	–	–	–
Disputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–
Disputed Trade Receivable credit impaired	–	–	–	–	–	–

Notes forming part of standalone financial statements

6 Loans

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At amortised cost		
Loans to related parties	2,357.71	1,150.47
Less: Impairment loss allowance	(0.46)	(0.22)
Total	**2,357.25**	**1,150.25**
(B) At amortised cost		
– Unsecured	2,357.71	1,150.47
Less: Impairment loss allowance	(0.46)	(0.22)
Total	**2,357.25**	**1,150.25**
(C)		
(I) Loans in India		
(i) At amortised cost		
– Others	2,357.71	1,150.47
Less: Impairment loss allowance	(0.46)	(0.22)
(II) Loans outside India		
(i) At amortised cost		
– Others	–	–
Less: Impairment loss allowance	–	–
Total net loans at amortised cost	**2,357.25**	**1,150.25**

6a Details of Loans repayable on demand given to KMP / Related Parties

(₹ in crore)

Type of Borrower	Amount of Loan Outstanding as on March 31, 2023 (₹ in crore)	Percentage to the Total Loan as on March 31, 2023 %	Amount of Loan Outstanding as on March 31, 2022 (₹ in crore)	Percentage to the Total Loan as on March 31, 2022 %
Promoters	–	–	–	–
Directors	–	–	–	–
Key Managerial Personnels	–	–	–	–
Related Parties	2,357.25	100%	1,150.25	100%
Total	**2,357.25**	**100%**	**1,150.25**	**100%**

Notes forming part of standalone financial statements

7 Investments

(₹ in crore)

Particulars	As at March 31, 2023 No. of shares	As at March 31, 2023 Amount	As at March 31, 2022 No. of shares	As at March 31, 2022 Amount
(A) At Fair value through Profit & Loss				
– Mutual fund				
– Axis Liquid Fund - Direct Growth	56,010.52	14.01	–	–
Total Investment in Mutual Funds		**14.01**		**–**
(B) At cost				
Investment in subsidiaries (unquoted)				
L&T Financial Consultants Limited (Equity Shares of ₹ 10 each fully paid)	2,77,50,000	162.75	1,87,50,000	18.75
L&T Finance Limited (Equity Shares of ₹ 10 each fully paid)	2,86,41,72,360	11,017.47	2,68,41,72,360	9,037.47
L&T Mutual Fund Trustee Limited (Equity Shares of ₹ 10 each fully paid)	1,50,000	0.15	1,50,000	0.15
L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited) (Equity Shares of ₹ 10 each fully paid)	13,35,17,820	197.13	11,44,91,100	145.75
Total investment in subsidiaries		**11,377.50**		**9,202.12**
Total (A+B)		**11,391.51**		**9,202.12**
(C)				
(I) Investments outside India		–		–
(II) Investments in India		11,391.51		9,202.12
Total		**11,391.51**		**9,202.12**
(D)				
Less: Allowance for impairment loss		**–**		**–**
(E) Total (C-D)		**11,391.51**		**9,202.12**

8 Other financials assets

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	0.05	0.14
Others	3.05	3.18
Less: Impairment loss allowance	(0.05)	(0.05)
Total	**3.05**	**3.27**

9 Current tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provision for tax)	28.90	25.17
Total	**28.90**	**25.17**

Notes forming part of standalone financial statements

10 Deferred tax assets (net)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	0.60	–
Total	**0.60**	**–**

11 Property, plant and equipment

(₹ in crore)

Assets	Gross carrying amount**				Accumulated depreciation**				Net carrying amount	
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	As at April 01, 2022	For the Year	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
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	1.56	–	–	1.56	1.01	0.26	–	1.27	0.29	0.55
	1.57	**–**	**–**	**1.57**	**1.01**	**0.26**	**–**	**1.28**	**0.29**	**0.56**

Property, plant and equipment

(₹ in crore)

Assets	Gross carrying amount**				Accumulated depreciation**				Net carrying amount	
	As at April 01, 2021	Additions	Deductions	As at March 31, 2022	As at April 01, 2021	For the Year	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2020
Computers*	0.01	–	–	0.01	0.00	–	–	0.00	0.00	0.00
Office Equipments*	0.00	–	–	0.00	0.00	–	–	0.00	0.00	0.00
Vehicles	1.56	–	–	1.56	0.64	0.37	–	1.01	0.55	0.93
	1.57	**–**	**–**	**1.57**	**0.64**	**0.37**	**–**	**1.01**	**0.56**	**0.93**

* amounts less than ₹ 50,000

** The Company has not revalued its property, plant and equipment during the year and hence there is no movement for revaluation shown separately.

12 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.05	0.08
Goods and service tax credit (input) receivable	0.11	0.24
Gratuity (Refer note 39)	–	0.21
Other non financial assets	0.14	0.07
Total	**0.30**	**0.60**

Notes forming part of standalone financial statements

13 Payables

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables (refer note below)		
Micro enterprises and small enterprises	–	–
Due to others	31.27	3.83
Due to related parties (refer note 40)	22.67	–
Total trade payables	**53.94**	**3.83**
Other payables		
Micro enterprises and small enterprises	–	–
Due to related parties (refer note 40)	–	7.29
Total other payables	**–**	**7.29**
Total	**53.94**	**11.12**

13a Ageing of Trade Payables as at March 31, 2023

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	–	–	–	–	–
(ii) Others	–	–	–	–	–
(iii) Disputed dues- MSME	–	–	–	–	–
(iv) Disputed dues- Others	–	–	–	–	–

(₹ in crore)

Particulars	Unbilled dues	Not due	Total
(i) MSME	–	–	–
(ii) Others	53.56	0.38	53.94
(iii) Disputed dues- MSME	–	–	–
(iv) Disputed dues- Others	–	–	–

13a Ageing of Trade Payables as at March 31, 2022

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	–	–	–	–	–
(ii) Others	0.37	–	–	–	0.37
(iii) Disputed dues- MSME	–	–	–	–	–
(iv) Disputed dues- Others	–	–	–	–	–

(₹ in crore)

Particulars	Unbilled dues	Not due	Total
(i) MSME	–	–	–
(ii) Others	3.46	–	3.46
(iii) Disputed dues- MSME	–	–	–
(iv) Disputed dues- Others	–	–	–

Notes forming part of standalone financial statements

14 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At amortised cost		
(I) from Banks		
Loan repayable on demand from a bank	5.00	5.00
Total	**5.00**	**5.00**
(B) Borrowings (other than debt securities) in India		
At Amortised Cost	5.00	5.00
Total	**5.00**	**5.00**

14a Loan repayable on demand from banks (cash credit) : unsecured

(₹ in crore)

Particulars	Tenure	Interest Range	As at March 31, 2023	As at March 31, 2022
Bullet	upto 5 years	11.01%-12.00%	5.00	5.00
Total			**5.00**	**5.00**

14b The Company has not borrowed any amount from bank or financial institutions for specific purpose. Hence the disclosures pertaining to security of current assets against borrowings is not applicable.

15 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Subordinated liabilities		
At amortised cost		
Cumulative compulsorily redeemable preference shares (CRPS) to the extent that do not qualify as equity (refer footnote)	–	99.82
Total	**–**	**99.82**
(B) Subordinated liabilities in India		
At amortised cost	–	99.82
Total	**–**	**99.82**
(C) Subordinated Liabilities outside India		
At Amortised Cost	–	–
Total	**–**	**–**

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.

Notes forming part of standalone financial statements

ii. During the year ended March 31, 2023, 7.95% Cumulative Compulsorily Redeemable Preference shares(CRPS) amounting to ₹ 100 crore have been redeemed. The company has paid dividend of ₹ 5.64 crore (previous year ₹ 53.16 crore).

iii. Details for CRPS:

(₹ in crore)

Particulars	Date of allotment	Date of redemption	As at March 31, 2023	As at March 31, 2022
CRPS bearing interest rate:				
7.95%	16-Sep-19	16-Dec-22	–	99.82
Total			**–**	**99.82**

16 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.94
Unclaimed dividend on equity shares	1.17	1.34
Employee benefits payable	7.13	5.17
Other payables	0.14	–
Total	**9.22**	**7.45**

17 Current tax liabilities (net)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net)	24.35	26.23
Total	**24.35**	**26.23**

18 Provisions

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	0.33	0.19
Super annuation fund	0.29	0.81
Gratuity (Refer note 39)	0.79	–
Total	**1.41**	**1.00**

19 Deferred tax liabilities (net)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liablities (net)	–	0.32
Total	**–**	**0.32**

Notes forming part of standalone financial statements

20 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	1.16	1.95
Total	**1.16**	**1.95**

21 Equity share capital

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Subscribed and paid up equity share capital	2,479.67	2,474.04
Total	**2,479.67**	**2,474.04**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04

(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, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	**2,47,40,35,488**	**2,474.04**	**2,46,94,45,704**	**2,469.45**
Issued during the year				
– Against employee stock option	56,35,629	5.63	45,89,784	4.59
Outstanding at the end of the year	**2,47,96,71,117**	**2,479.67**	**2,47,40,35,488**	**2,474.04**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,63,92,29,920	1,639.23	1,63,92,29,920	1,639.23
	1,63,92,29,920	**1,639.23**	**1,63,92,29,920**	**1,639.23**

Notes forming part of standalone financial statements

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,63,92,29,920	66.11%	1,63,92,29,920	66.26%

(VI) Details of shares held by promoters in the company as at March 31,2023

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,29,920**	**66.11%**	**(0.15%)**

(VII) Details of shares held by promoters in the company as at March 31, 2022

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,29,920**	**66.26%**	**2.64%**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity shares of ₹ 10 each	2,81,02,494	28.10	4,11,06,290	41.11
	2,81,02,494	**28.10**	**4,11,06,290**	**41.11**

(IX) 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 0.00 as at March 31, 2023 (as at March 31, 2022 is 0.01)
- During the year ended March 31, 2023, the Company has paid the final dividend of ₹ 0.50 per equity share for financial year 2021-22 amounting to ₹ 123.75 crore. (PY 2021-22 - ₹ Nil).

(X) 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

Notes forming part of standalone financial statements

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, 2023 1,96,500 and 54,39,129 options were allotted under the scheme 2010 and 2013 respectively.
- The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2022-23	2021-22	2022-23	2021-22
Options granted and outstanding at the beginning of the year	9,48,250	19,28,500	4,01,58,040	3,98,32,101
Options granted during the year	–	–	8,21,880	1,07,89,685
Options cancelled/ lapsed during the year	1,88,000	6,63,250	80,02,047	61,90,962
Options exercised during the year	1,96,500	3,17,000	54,39,129	42,72,784
Options granted and outstanding at the end of the year of which:				
– Options vested	4,85,000	7,19,000	1,83,45,892	2,16,22,255
– Options yet to vest	78,750	2,29,250	91,92,852	1,85,35,785
Weighted average remaining contractual life of options (in years)	2.81	3.56	4.78	5.64

- During the year, the Company has debited to the Statement of Profit and Loss ₹ 1.44 crore (previous year ₹ 4.47 crore) {net of recovery from its subsidiary companies during the year ₹ 24.21 crore (Previous year ₹ 21.95 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 ₹ 69.48 (Previous year: ₹ 72.69) 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	2022-23	2021-22
Weighted average risk-free interest rate	6.65%	4.59%
Weighted average expected life of options	2.75 years	2.68 years
Weighted average expected volatility	39.16%	39.50%
Weighted average expected dividend over the life of the options (₹)	2.66 per option	2.60 per option
Weighted average share price (₹)	79.87 per option	83.71 per option
Weighted average exercise price (₹)	10 per option	10 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 standalone financial statements

22 Other equity

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Retained earning [1]	2,228.32	298.70
Securities premium account [2]	7,802.07	7,751.62
Reserve u/s 45 1C of RBI Act 1934 [3]	1,055.81	541.47
General reserve [4]	36.90	15.37
Employee stock option outstanding account [5]	141.03	182.68
Impairment reserve [6]	8.97	4.94
Cash flow hedging reserve [7]	–	2.31
Total	**11,273.10**	**8,797.09**

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.
7. **Cash flow hedge reserves:** The Company has designated its hedging instruments as cash flow hedges and any effective portion of cashflow hedge is maintained in the said reserve. In case the hedging becomes ineffective, the amount is recognised in the Statement of Profit and Loss.

Notes forming part of standalone financial statements

23 Interest income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Financial assets measured at amortised cost:		
Interest on loans	146.88	60.21
Interest on deposits with banks	5.29	23.84
Total	**152.17**	**84.05**

24 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend from subsidiary companies	191.49	251.82
Total	**191.49**	**251.82**

25 Net gain/(Loss) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss		
On trading portfolio		
Gain on sale of investments	3.70	–
Gain on fair valuation of investments	0.01	–
Total net gain on fair value changes	**3.71**	**–**
(B) Fair value changes:		
– Realised	3.70	–
– Unrealised	0.01	–
Total net gain on fair value changes	**3.71**	**–**

26 Other income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Management fees	12.66	14.58
Other income	–	0.01
Total	**12.66**	**14.59**

Notes forming part of standalone financial statements

27 Finance cost

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	0.01	0.01
Interest on debt securities	–	6.93
Interest on subordinated liabilities	5.64	60.74
Other interest expenses	0.40	5.81
Total	**6.05**	**73.49**

28 Impairment on financial instruments

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loans		
On financial instruments measured at amortised cost:		
Loans	0.24	(0.03)
Investments / other receivables	–	0.05
Total	**0.24**	**0.02**

29 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries	10.58	9.49
Contribution to provident fund	0.26	0.26
Contribution to gratuity (Refer note 39)	0.10	0.14
Contribution to superannuation fund	0.27	0.26
Share based payment to employees	1.44	4.47
Staff welfare expenses	0.08	0.08
Total	**12.73**	**14.70**

30 Depreciation, amortization and impairment

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment (refer note 11)	0.26	0.37
Total	**0.26**	**0.37**

Notes forming part of standalone financial statements

31 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent rates & taxes	0.05	0.25
Auditor's remuneration(refer note below)	0.38	0.26
Legal and professional charges	30.63	3.34
Repairs and maintenance	0.14	0.10
Directors sitting fees	0.56	0.89
Telephone and postage	0.01	–
Printing and stationery	0.06	–
Listing and custodian charges	0.97	0.33
Brand license fees	22.66	0.11
Remuneration to non executive directors	1.54	1.76
Travelling and conveyance	0.21	0.15
Membership fees	0.06	0.06
Miscellaneous expenses	0.37	0.20
Total	**57.64**	**7.45**

Auditor's remuneration		
Audit fees	0.11	0.10
Limited review fees	0.14	0.12
Tax audit fees	–	0.01
Other services (certification fees)	0.13	0.03
Total	**0.38**	**0.26**

32 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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
1	L&T Finance Limited	2,357.71	1,037.59	4,493.66	1,075.34
2	L&T Financial Consultant Limited	–	112.88	111.87	224.10
	Total	**2,357.71**	**1,150.47**	**4,605.53**	**1,299.44**

* above figures include interest accrued

Notes forming part of standalone financial statements

(b) Particulars in respect of investment in subsidiaries (₹ in crore)

S. No.	Name of subsidiaries	Balance as at March 31, 2023	Balance as at March 31, 2022
1	L&T Finance Limited	11,017.47	9,037.47
2	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	197.13	145.75
3	L&T Investment Management Limited$	–	–
4	L&T Financial Consultant Limited	162.75	18.75
5	L&T Mutual Fund Trustee Limited	0.15	0.15
	Total	**11,377.50**	**9,202.12**

$ refer note 43

33 Disclosure pertaining to corporate social responsibility expenses

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is Nil (previous year Nil)

34 Disclosure pursuant to Ind AS 116 "Leases"

I) Rights to use assets

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	–	–
Add: Additions during the year	–	–
Less: Deductions during the year	–	–
Less: Depreciation during the year	–	–
Closing balance	**–**	**–**

II) Lease liability

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	–	–
Add: Additions during the year	–	–
Less: Deductions during the year	–	–
Add: Interest accrued during the year	–	–
Less: Interest paid during the year		
Less: Principal repayment during the year	–	–
Closing balance	**–**	**–**

III) Low Value Leases/Short Term Leases

Expenses recognised in the Statement of Profit and Loss Account (₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
– Low Value Assets	–	–
– Short term Leases	0.05	0.22

Notes forming part of standalone financial statements

Actual Cashflow during the year for (₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
– Low Value Assets	–	–
– Short term Leases	0.05	0.22

35 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, equity price risk, and liquidity risk.The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Risk Committee provides assurance to the Company's senior management. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The major risks are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily impacts financial instruments measured at fair value through profit or loss.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rate as it has debt obligations with fixed interest rates which are measured at amortised cost.

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities towards inter corporate deposits to subsidiaries, where no significant impact on credit risk has been identified.

Equity price risk:

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

Liquidity risk

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

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

Notes forming part of standalone financial statements

36 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, 2023			As at March 31, 2022		
	FVTPL	Amortised cost	FVTOCI	FVTPL	Amortised cost	FVTOCI
Financial assets						
Cash and cash equivalents	–	33.52	–	–	141.20	–
Bank balance other than above	–	31.06	–	–	30.21	–
Derivative financial instruments	–	–	–	–	–	3.08
Trade receivables	–	–	–	–	–	–
Other receivables	–	1.37	–	–	–	–
Loans	–	2,357.25	–	–	1,150.25	–
Investments	14.01	–	–	–	–	–
Other financial assets	–	3.05	–	–	3.27	–
Total financial assets	**14.01**	**2,426.25**	**–**	–	**1,324.93**	**3.08**
Financial liabilities						
Trade payables	–	53.94	–	–	3.83	–
Other payables	–	–	–	–	7.29	–
Debt securities	–	–	–	–	–	–
Borrowings (other than debt securities)	–	5.00	–	–	5.00	–
Subordinated liabilities	–	–	–	–	99.82	–
Other financial liabilities	–	9.22	–	–	7.45	–
Total financial liabilities	–	**68.16**	**–**	–	**123.39**	**–**

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

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Loans	2,357.25	2,357.25	1,150.25	1,150.25
Total financial assets	**2,357.25**	**2,357.25**	**1,150.25**	**1,150.25**
Financial liabilities				
Debt securities	–	–	–	–
Borrowings (other than debt securities):				
Cash credit	5.00	5.00	5.00	5.00
Subordinated liabilities	–	–	99.82	100.99
Total financial liabilities	**5.00**	**5.00**	**104.82**	**105.99**

Note: The carrying amount of trade receivables, trade payables, other financial liabilities, loans, other financial assets, cash and cash equivalents as at March 31, 2023 and March 31, 2022, are considered to the same as fair values, due to their short-term nature. These are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counterparty credit risk.

Notes forming part of standalone financial statements

(c) Disclosure in pursuent to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at anortised cost:

(₹ in crore)

As at March 31, 2023	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	2,357.25	2,357.25	Discounted cashflow approach
Total financial assets	**–**	**–**	**2,357.25**	**2,357.25**	
Financial liabilities					
Debt securities	–	–	–	–	
Borrowings (other than debt securities)					
Cash credit	–	–	5.00	5.00	Discounted cashflow approach
Subordinated liabilities	–	–	–	–	
Total financial liabilities	**–**	**–**	**5.00**	**5.00**	

(₹ in crore)

As at March 31, 2022	Level 1	Level 2	Level 3	Total	Valuation Technique for level 3 items
Financial assets					
Loans	–	–	1,150.25	1,150.25	Discounted cashflow approach
Total financial assets	**–**	**–**	**1,150.25**	**1,150.25**	
Financial liabilities					
Debt securities	–	–	–	–	
Borrowings (other than debt securities)					
Cash credit	–	–	5.00	5.00	Discounted cashflow approach
Subordinated liabilities	–	–	100.99	100.99	Discounted cashflow approach
Total financial liabilities	**–**	**–**	**105.99**	**105.99**	

(d) Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
As at March 31, 2023	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets :								
Financial assets at fair value through profit and loss Investment	14.01	–	–	14.01	–	–	–	–
- Mutual Fund	**14.01**	**–**	**–**	**14.01**	**–**	**–**	**–**	**–**

Notes forming part of standalone financial statements

(e) Maturity profile of assets and liabilities

(₹ in crore)

Particulars	March 31, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	33.52	–	33.52	141.20	–	141.20
Bank balance other than above	31.06	–	31.06	30.21	–	30.21
Derivative financial instruments	–	–	–	3.08	–	3.08
Receivables	1.37	–	1.37	–	–	–
Loans	2,357.25	–	2,357.25	1,150.25	–	1,150.25
Investments	14.01	11,377.50	11,391.51	–	9,202.12	9,202.12
Other financial assets	3.05	–	3.05	3.27	–	3.27
Non-financial assets						
Current tax assets (net)	–	28.90	28.90	–	25.17	25.17
Deferred tax assets (net)	–	0.60	0.60	–	–	–
Property, plant and equipment	–	0.29	0.29	–	0.56	0.56
Other non-financial assets	0.29	0.01	0.30	0.56	0.04	0.60
Group(s) of assets classified as held for sale	–	–	–	867.56	–	867.56
Total	**2,440.55**	**11,407.30**	**13,847.85**	**2,196.13**	**9,227.89**	**11,424.02**

(₹ in crore)

Particulars	March 31, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Payables	53.94	–	53.94	11.12	–	11.12
Debt securities	–	–	–	–	–	–
Borrowings (other than debt securities)	5.00	–	5.00	5.00	–	5.00
Subordinated liabilities	–	–	–	99.82	–	99.82
Lease liability	–	–	–	–	–	–
Other financial liabilities	9.22	–	9.22	7.45	–	7.45
Non-financial liabilities						
Current tax liabilities (net)	24.35	–	24.35	26.23	–	26.23
Deferred tax liabilities (net)	–	–	–	0.32	–	0.32
Provisions	1.29	0.12	1.41	0.03	0.97	1.00
Other non-financial liabilities	1.16	–	1.16	1.95	–	1.95
Total	**94.96**	**0.12**	**95.08**	**151.92**	**0.97**	**152.89**

Notes forming part of standalone financial statements

(f) The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

The amounts disclosed in the table are the contractual undiscounted cash flows:

(₹ in crore)

Particulars	March 31, 2023			March 31, 2022		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
Non-derivatives						
Borrowings	5.00	–	5.00	105.00	–	105.00
Borrowing future interest	0.14	–	0.14	5.64	–	5.64

(g) Foreign currency risk

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Liability – Currency swap contracts	–	USD 36,50,00,000
Assets – future receivables against sale of investments (Refer note 43)	–	USD 42,50,00,000

(h) 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 March 31, 2023	As at March 31, 2022
Variable rate borrowings	5.00	5.00
Fixed rate borrowings	–	100.00
Total borrowings	**5.00**	**105.00**

Notes forming part of standalone financial statements

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

Particulars	As at March 31, 2023			As at March 31, 2022		
	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans	Weighted average interest rate (%)	Balance (₹ in crore)	% of total loans
Borrowings	11.17%	5.00	100.00%	11.83%	5.00	4.76%
Net exposure to cash flow interest rate risk	11.17%	5.00	100.00%	11.83%	5.00	4.76%

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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
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

(i) Expected credit loss - loans

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	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	2,357.71	0.46	2,357.25	1,150.47	0.22	1,150.25

Notes forming part of standalone financial statements

Reconciliation of loss allowance provision - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3
Loss allowance as on March 31, 2021	**0.25**	**–**	**–**
New assets originated or purchased	–	–	–
Amount written off	–	–	–
Transfers to Stage 1	–	–	–
Transfers to Stage 2	–	–	–
Transfers to Stage 3	–	–	–
Impact on ECL of exposure transferred between stages during the year	–	–	–
Increase / (decrease) in provision on existing financial assets (net of recovery)	(0.03)	–	–
Loss allowance as on March 31, 2022	**0.22**	**–**	**–**
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)	0.24	–	–
Loss allowance as on March 31, 2023	**0.46**	**–**	**–**

Reconciliation of gross carrying amount - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at March 31, 2021	**1,297.44**	**–**	**–**
New assets originated or purchased	–	–	–
Amount written off	–	–	–
Transfers to Stage 1	–	–	–
Transfers to Stage 2	–	–	–
Transfers to Stage 3	–	–	–
Further disbursement (net of repayment)	(146.97)	–	–
Gross carrying amount as at March 31, 2022	**1,150.47**	**–**	**–**
New assets originated or purchased	–	–	–
Amount written off	–	–	–
Transfers to Stage 1	–	–	–
Transfers to Stage 2	–	–	–
Transfers to Stage 3	–	–	–
Further disbursement (net of repayment)	1,207.24	–	–
Gross carrying amount as at March 31, 2023	**2,357.71**	**–**	**–**

Notes forming part of standalone financial statements

37 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.

38 Disclosure pursuant to Ind AS 12 "Income taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Statement of profit or loss:		
(a)	**Profit or loss section:**		
	(i) Current income tax :		
	Current income tax expense	569.61	36.40
		569.61	36.40
	(ii) Deferred tax:		
	Tax expense on origination and reversal of temporary differences	(0.11)	(0.15)
	Effect on deferred tax balances due to the change in income tax rate	–	–
		(0.11)	(0.15)
	Income tax expense reported in the statement of profit and loss[(i)+(ii)]	**569.50**	**36.25**
(b)	**Other Comprehensive Income (OCI) section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
		–	–
	(A) Deferred tax expense/(income):		
	On re-measurement of defined benefit plans	(0.03)	0.03
		(0.03)	0.03
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Deferred tax expense/(income):		
	Net gain/(loss) on cost of hedging reserve	(0.78)	0.78
		(0.78)	0.78
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	(0.81)	0.81

Notes forming part of standalone financial statements

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

(₹ in crore)

S.No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(a)	**Profit before tax**	**3,141.20**	**254.43**
(b)	Corporate tax rate as per Income tax Act, 1961	25.168%	25.168%
(c)	**Tax on accounting profit (c)=(a)*(b)**	**790.58**	**64.03**
(d)	(i) Tax on Income deductible from tax :	(32.62)	(31.11)
	(ii) Tax on expense not tax deductible:	1.46	3.33
	(iii) Tax on Income which are taxed at different rates	(189.92)	–
	Total effect of tax adjustments [(i) to (iii)]	**(221.08)**	**(27.78)**
(e)	**Tax expense (before one-time deferred tax impact) (e)=(c)+(d)**	**569.50**	**36.25**
(f)	**Effective tax rate (before one-time deferred tax impact) (f)=(e)/(a)**	**18.13%**	**14.25%**
(g)	**Tax expense recognised during the year (h)=(e)**	**569.50**	**36.25**
(h)	**Effective tax Rate (f)=(g)/(a)**	**18.13%**	**14.25%**

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

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2022	Charge/(credit) to Statement of Profit and Loss	Charge/(credit) to other comprehensive income	Deferred tax (liabilities)/ assets as at March 31, 2023
Deferred tax (liabilities):				
Effective portion of gains and loss on hedging instruments in a cash flow hedge	(0.78)	–	0.78	–
Deferred tax (liabilities):	(0.78)	–	0.78	–
Deferred tax assets:				
– Impairment on financial instruments	0.07	0.05	–	0.12
– Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	0.11	0.03	–	0.14
– Defined benefit obligation	0.02	0.03	0.03	0.08
– Provision for expenses	0.26	–	–	0.26
Deferred tax assets	0.46	0.11	0.03	0.60
Net deferred tax (liability)/assets	**(0.32)**	**0.11**	**0.81**	**0.60**

Notes forming part of standalone financial statements

(₹ in crore)

Particulars	Deferred tax (liabilities)/ assets as at April 01, 2021	Charge/(credit) to Statement of Profit and Loss	Charge / (credit) to debt instrument	Deferred tax (liabilities)/ assets as at March 31, 2022
Deferred tax (liabilities):				
Effective portion of gains and loss on hedging instruments in a cash flow hedge	–	–	(0.78)	(0.78)
Deferred tax (liabilities):	–	–	(0.78)	(0.78)
Deferred tax assets:				
– Impairment on financial instruments	0.06	0.01	–	0.07
– Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	0.06	0.05	–	0.11
– Defined benefit obligation	0.07	(0.02)	(0.03)	0.02
– Provision for expenses	0.15	0.11	–	0.26
Deferred tax assets:	0.34	0.15	(0.03)	0.46
Net deferred tax assets / (liability)	**0.34**	**0.15**	**(0.81)**	**(0.32)**

39 Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plans

The Company recognise charges of ₹ 0.26 crore (previous year ₹ 0.26 crore) as an expense for provident fund contribution and is included in Note 29 “employee benefits expenses” in the statement of profit and loss.

(ii) Defined benefits gratuity plans

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company’s scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

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

(₹ in crore)

S. No.	Particulars	Gratuity Plan	
		As at March 31, 2023	As at March 31, 2022
A)	**Present Value of Defined Benefit Obligation**		
	– Wholly funded	2.46	1.35
	– Wholly unfunded	–	–
		2.46	1.35
	Less : Fair Value of plan assets	(1.67)	(1.56)
	Amount to be recognised as liability or (asset)	0.79	(0.21)
B)	**Amounts reflected in Balance Sheet**		
	Liabilities/(Assets)	0.79	(0.21)
	Net liability/(asset)	**0.79**	**(0.21)**

Notes forming part of standalone financial statements

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

(₹ in crore)

S. No.	Particulars	Gratuity Plan	
		Year ended March 31, 2023	Year ended March 31, 2022
1	Current service cost	0.10	0.14
2	Interest on net defined benefit liability / (asset)	(0.01)	–
3	Actuarial losses/(gains) - others	0.01	(0.10)
4	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	(0.02)	(0.03)
	Total (1 to 4)	**0.08**	**0.01**
i	Amount included in "employee benefits expenses"	0.10	0.14
ii	Amount included in as part of "finance cost'	(0.01)	–
iii	Amount included as part of "Other Comprehensive income"	(0.01)	(0.13)
	Total (i + ii + iii)	**0.08**	**0.01**

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, 2023	As at March 31, 2022
Opening balance of the present value of defined benefit obligation	1.35	1.50
Add : current service cost	0.10	0.14
Add : Interest Cost	0.07	0.07
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	(0.03)	(0.01)
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	–	–
ii) Actuarial (gains)/losses arising from changes in experience adjustments	0.04	(0.10)
Less: Benefits paid	–	–
Add : Liability assumed/(settled)	0.93	(0.25)
Closing balance of the present value of defined benefit obligation	**2.46**	**1.35**

Notes forming part of standalone financial statements

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

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2023	Gratuity Plan As at March 31, 2022
Opening balance of the fair value of the plan assets	1.56	1.46
Add : interest income of plan assets	0.08	0.07
Add/(less) : Actuarial gains/(losses)	0.03	0.03
Add : Contribution by the employer	–	–
Less : Benefits paid	–	–
Closing balance of plan assets	**1.67**	**1.56**

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

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2023	Gratuity Plan As at March 31, 2022
1 Insurer managed funds (unquoted)	1.67	1.56

f) Principal actuarial assumptions at the valuation date:

Particulars	Gratuity Plan As at March 31, 2023	Gratuity Plan As at March 31, 2022
1 Discount rate (per annum)	7.30%	5.20%
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.

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 2022-23	Effect of 1% decrease 2021-22
1	Discount rate (per annum)	0.11	0.03
2	Salary escalation rate (per annum)	(0.10)	(0.02)
		Effect of 1% increase	
3	Discount rate (per annum)	(0.10)	(0.03)
4	Salary escalation rate (per annum)	0.11	0.02

Notes forming part of standalone financial statements

h) Attrition rate:

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

i) 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.

40 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 Financial Consultants Limited	Subsidiary Company
3	L&T Investment Management Limited (upto November 25, 2022)	Subsidiary Company
4	L&T Mutual Fund Trustee Limited	Subsidiary Company
5	L&T Finance Limited	Subsidiary Company
6	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	Subsidiary Company
7	Mr. S. N. Subrahmanyan	Non-executive chairman
8	Mr. R. Shankar Raman	Non-executive director
9	Mr. Dinanath Dubhashi	Managing Director & Chief Executive Officer
10	Dr. Rajani R. Gupte	Independent director
11	Mr. P. V. Bhide	Independent director
12	Mr. Pavninder Singh	Nominee director
13	Mr. Prabhakar B.(upto July 11,2022)	Non-executive director
14	Mr. S. V. Haribhakti	Independent director
15	Mr. Thomas Mathew T.	Independent director
16	Ms. Nishi Vasudeva(upto June 14,2022)	Independent director

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

Notes forming part of standalone financial statements

(b) Related parties transactions:

(₹ in crore)

S. No.	Nature of Transactions*	Year ended March 31, 2023	Year ended March 31, 2022
1	**Inter corporate deposits disbursed**		
	L&T Finance Limited	6,085.57	2,060.86
	L&T Financial Consultants Limited	284.58	540.52
2	**Inter corporate deposits repaid (including interest)**		
	L&T Finance Limited	4,746.08	2,115.66
	L&T Financial Consultants Limited	396.45	649.72
3	**Professional fees expense**		
	Larsen & Toubro Limited	0.05	0.06
4	**Rent & maintenance expenditure**		
	L&T Financial Consultants Limited	0.06	0.29
5	**ESOP charges recovered**		
	L&T Finance Limited	23.93	13.79
	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	1.29	1.42
	L&T Investment Management Limited	(0.92)	6.31
	L&T Financial Consultants Limited	(0.09)	0.43
6	**Investment in subsidiaries**		
	L&T Finance Limited	1,980.00	–
	L&T Financial Consultants Limited	144.00	–
	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	51.38	–
7	**Interest income on inter corporate deposit**		
	L&T Finance Limited	141.04	47.67
	L&T Financial Consultants Limited	5.84	12.54
8	**Management fees income**		
	L&T Finance Limited	11.96	13.12
	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	0.32	0.73
	L&T Investment Management Limited	0.38	0.73
9	**Dividend income**		
	L&T Financial Consultants Limited	69.38	
	L&T Investment Management Limited	122.11	251.82

Notes forming part of standalone financial statements

(₹ in crore)

S. No.	Nature of Transactions*	Year ended March 31, 2023	Year ended March 31, 2022
10	**Payment / (Repayment) of security deposit**		
	L&T Financial Consultants Limited	(0.09)	–
11	**Brand license fee to**		
	Larsen & Toubro Limited	20.77	0.11
12	**Remuneration to key management personnel**		
	Short-term employee benefits paid to:		
	Mr. Dinanath Dubhashi	13.03	12.25
	Dr. Rajani R. Gupte	0.28	0.27
	Mr. P. V. Bhide	0.32	0.36
	Mr. Pavninder Singh	0.19	0.26
	Mr. Prabhakar B.	0.06	0.21
	Mr. S. V. Haribhakti	0.36	0.65
	Mr. Thomas Mathew T.	0.28	0.30
	Ms. Nishi Vasudeva	0.08	0.23

*All amounts are excluding GST

(c) Amount due to/from related parties:

(₹ in crore)

S. No.	Nature of Transactions	As at March 31, 2023	As at March 31, 2022
1	**Receivable from / (payable to)**		
	L&T Finance Limited	1.36	(7.17)
	L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	0.01	–
	Larsen & Toubro Limited	(22.67)	(0.12)
2	**Inter corporate deposits given (including interest accrued)**		
	L&T Finance Limited	2,357.71	1,037.59
	L&T Financial Consultants Limited	–	112.88
3	**Security deposit given to**		
	L&T Financial Consultants Limited	0.02	0.11
	L&T Finance Holdings Limited		

Notes forming part of standalone financial statements

41 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share'':

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Basic			
Profit after tax (₹ crore)	A	2,571.70	218.18
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,47,68,83,662	2,47,26,14,063
Basic earning per share (₹)	**A/B**	**10.38**	**0.88**
Diluted			
Profit after tax (₹ crore)	A	2,571.70	218.18
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,47,68,83,662	2,47,26,14,063
Add: Weighted average no. of potential equity shares on account of employee stock options (Nos.)	C	83,44,407	71,39,341
Weighted average number of shares outstanding for diluted EPS (Nos.)	D=B+C	2,48,52,28,068	2,47,97,53,404
Diluted earnings per share (₹)	**A/D**	**10.35**	**0.88**
Face value of shares (₹)		10.00	10.00

42 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2022	Cash flows	Changes in fair values	Others	March 31, 2023
Debt Securities	–	–	–	–	–
Borrowings (other than debt securities)	5.00	–	–	–	5.00
Subordinated debt	99.82	(100.00)	–	0.18	–

(₹ in crore)

Particulars	April 1, 2021	Cash flows	Changes in fair values	Others	March 31, 2022
Debt Securities	652.98	(652.98)	–	–	–
Borrowings (other than debt securities)	–	5.00	–	–	5.00
Subordinated debt	1,120.24	(1,024.10)	–	3.68	99.82

Notes forming part of standalone financial statements

43 A) Disclosure pursuant to Ind AS 105 "Non-current assets held for sale and discontinued operations":

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Investments held for sale (Refer note below)	–	867.56

The Company had entered into a definitive agreement with HSBC Asset Management (India) Private Limited ("HSBC AMC") on December 23, 2021 to sell 100% equity shares of L&T Investment Management Limited ("LTIM"), a wholly owned subsidiary of the Company, which is the investment manager of L&T Mutual Fund. The Company has concluded the sale of its mutual fund business, post receipt of regulatory approvals, to HSBC AMC on the closing date of November 25, 2022. The Company has (i) received ₹ 3,485.44 crore (equivalent of USD 425 million) as consideration for the sale and (ii) also realised surplus cash balance of ₹ 763.93 crore in LTIM pursuant to the definitive documents.

(B) Exceptional item

Exceptional item includes (i) Gain of ₹ 283 crore on the reduction of 3,12,00,000 (Three Crore Twelve Lakh) fully paid-up equity shares of face value of ₹ 10 each of the wholly owned subsidiary company, LTIM pursuant to the order of Mumbai NCLT Bench dated July 8, 2022 sanctioning the said capital reduction and letter of Registrar of Companies dated August 18, 2022 approving the Form INC-28 and (ii) Gain of ₹ 2,575.09 crore on the divestment of its entire stake in the subsidiary company, L&T Investment Management Limited (LTIM) for the year ended March 31, 2023.

44 Contingent liabilities and commitments

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Contingent Liabilities	–	–

The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts wherever applicable. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

45 Expenditure in foreign currency

(₹ in crore)

Nature of transactions	For the year ended March 31, 2023	For the year ended March 31, 2022
Professional and other fees (including reimbursement)	0.08	0.72
Total	**0.08**	**0.72**

Notes forming part of standalone financial statements

46 Contribution to political parties during the year 2022-23 is Nil (previous year Nil).

47 Trade payable includes amount payable to Micro and Small Enterprises as follows:

(₹ in crore)

Particulars	2022-23	2021-22
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	–	–
(ii) the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	–	–
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	–	–
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year;	–	–
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

Footnote: The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006. The above information is provided by the management of the company and relied upon by the auditors.

48 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2023.

49 Events after the reporting period:

There have been no events after the reporting date that require disclosure in the financial statements.

50 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.

51 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:

Notes forming part of standalone 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

1) Exposure to Real Estate Sector

(₹ in crore)

Category	2022-23	2021-22
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)	–	–
(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;	–	–
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
a. Residential	–	–
b. Commercial Real Estate	–	–
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	–	–

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2023

(₹ in crore)

Particulars	1 to 7 Days	8 to 14 Days	15 days to 30/31 days	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, 2023
Liabilities:											
Borrowings from banks	–	–	–	–	–	–	–	5.00	–	–	5.00
Market Borrowings	–	–	–	–	–	–	–	–	–	–	–
Assets:											
Advances	–	–	50.76	50.00	58.80	382.19	1,815.96	–	–	–	2,357.71
Investments	14.01	–	–	–	–	–	–	–	–	11,377.50	11,391.51

Footnote: The above bucketing has been arrived on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on October 20, 2022.

Notes forming part of standalone financial statements

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, 2023 Amount Outstanding	As at March 31, 2023 Amount Overdue	As at March 31, 2022 Amount Outstanding	As at March 31, 2022 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	–	–	–	–
(e)	Commercial Paper (net of unexpired discount charges)	–	–	–	–
(f)	Other Loans	–	–	–	–
	– Cash Credit	5.00	–	5.00	–
	– Subordinated Liabilties	–	–	99.82	–

Assets side:

4. Break-up of Loans and Advances including bills receivables [Other than those included in (5) below]

(₹ in crore)

S. No.	Particulars	As at March 31, 2023 Amount outstanding	As at March 31, 2022 Amount outstanding
(a)	Secured	–	–
(b)	Unsecured	2,357.71	1,150.47

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, 2023 Amount outstanding	As at March 31, 2022 Amount outstanding
(i)	Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	–	–
	(b) Operating Lease	–	–
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire	–	–
	(b) Repossessed Assets	–	–
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	–	–
	(b) Loans other than (a) above	–	–

Notes forming part of standalone financial statements

6. Break-up of Investments

(₹ in crore)

S. No.	Particulars	As at March 31, 2023 Amount outstanding	As at March 31, 2022 Amount outstanding
	Current investments		
1	**Quoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	14.01	–
	iv. Government securities	–	–
	v. Others	–	–
2	**Unquoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government securities	–	–
	v. Others	–	–
	Long term investments		
1	**Quoted**		
	i. Shares: a. Equity	–	–
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government securities	–	–
	v. Others	–	–
2	**Unquoted**		
	i. Shares: a. Equity #	11,377.50	9,202.12
	b. Preference	–	–
	ii. Debentures and bonds	–	–
	iii. Units of mutual funds	–	–
	iv. Government securities	–	–
	v. Others	–	–

refer note 43

Notes forming part of standalone financial statements

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

(₹ in crore)

S. No.	Particulars	As at March 31, 2023			As at March 31, 2022		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related Parties						
	(a) Subsidiaries	–	2,357.71	2,357.71	–	1,150.47	1,150.47
	(b) Companies in the same group	–	–	–	–	–	–
	(c) Other related parties	–	–	–	–	–	–
2	Other than related parties	–	–	–	–	–	–
	Total	**–**	**2,357.71**	**2,357.71**	**–**	**1,150.47**	**1,150.47**

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

(₹ in crore)

S. No.	Category	As at March 31, 2023		As at March 31, 2022	
		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 #	18,700.04	11,377.50	17,050.41	9,202.12
	(b) Companies in the same group	–	–	–	–
	(c) Other related parties	–	–	–	–
2	Other than related parties	–	–	–	–
	Total	**18,700.04**	**11,377.50**	**17,050.41**	**9,202.12**

refer note 43

9) Other information

(₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
		Amount outstanding	Amount outstanding
(i)	Gross Non-Performing Assets		
	(a) Related parties	–	–
	(b) Other than related parties	–	–
(ii)	Net Non-Performing Assets		
	(a) Related parties	–	–
	(b) Other than related parties	–	–
(iii)	Assets acquired in satisfaction of debt	–	–

Notes forming part of standalone financial statements

10. Investments:

(₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Value of Investments		
	(i) Gross Value of Investments		
	(a) In India #	11,391.51	9,202.12
	(b) Outside India #	–	–
	(ii) Provisions for Depreciation		
	(a) In India	–	–
	(b) Outside India	–	–
	(iii) Net Value of Investments		
	(a) In India #	11,391.51	9,202.12
	(b) Outside India #	–	–
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 43

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, 2023 (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, 2023 (Previous year: Nil)

12. Securitisation: No securitisation deal (including assignment deal) has carried out during the year ended March 31, 2023 (Previous year: Nil)

13. Asset Liability Management Maturity Pattern: Refer note no. 2 of Annexure-I of note 51 for details of Asset Liability Management Maturity Pattern

14. Exposures:

I) Exposures to Real Estate Sector: Refer note no. 1 of Annexure-I of note 51 for details of exposures to Real Estate Sector

II) Exposures to Capital Markets: None

III) Details of financing of parent company products: None

Notes forming part of standalone financial statements

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

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Intercorporate Deposit (inclusive of interest accrued) net of provision	2,357.25	1,150.25

15) Miscellaneous

I) Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

II) Penalties imposed by RBI and other regulators: No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

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

(₹ in crore)

Particulars	2022-23		
	Non-Convertible Debentures	CRPS	Commercial Paper
India Ratings	IND AAA (Stable)	–	IND A1+
CARE	CARE AAA (Stable)	CARE AAA (RPS) / (Stable)	CARE A1+
ICRA	ICRA AAA (Stable)	–	ICRA A1+
CRISIL	CRISIL AAA (Stable)	CRISIL AAA (Stable)	CRISIL A1+
Particulars	**2021-22**		
	Non-Convertible Debentures	**CRPS**	**Commercial Paper**
India Ratings	IND AAA (Stable)	–	IND A1+
CARE	CARE AAA (Stable)	CARE AAA (RPS) / (Stable)	CARE A1+
ICRA	ICRA AAA (Stable)	–	ICRA A1+
CRISIL	CRISIL AAA (Stable)	CRISIL AAA (Stable)	CRISIL A1+

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

16) Provisions and Contingencies:

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

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provisions for depreciation on investment	–	–
Provision towards non-performing assets	Nil	Nil
Provision made towards Income tax (shown below profit before tax)		
Current tax	569.61	36.40
Deferred tax	(0.11)	(0.15)
Other provision and contingencies:		
Provision for standard assets	0.24	(0.03)

Notes forming part of standalone financial statements

17) Concentration of Advances and NPAs:

I) Concentration of Advances:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total Inter corporate deposit to twenty largest borrowers (including interest accrued)	2,357.71	1,150.47
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, 2023	As at March 31, 2022
Total Exposure to top five NPA accounts	–	–

18) Disclosure of customer complaints:

(₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(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

52 Impairment reserve

As per the RBI circular RBI/2019-20/170 dated 13th March, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs/ARCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

Impairment Reserve FY 21-22

(₹ in crore)

Loss Allowances (Provisions) as required under Ind AS 109

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7)=(4)-(6)
Performing Assets	–	–	–	–	–	–
Standard	Stage 1	2,357.71	0.46	2,357.25	9.43	8.97
Total		**2,357.71**	**0.46**	**2,357.25**	**9.43**	**8.97**

Notes forming part of standalone financial statements

Impairment Reserve FY 20-21

(₹ in crore)

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
		Loss Allowances (Provisions) as required under Ind AS 109				
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,150.47	0.22	1,150.25	4.60	4.38
Total		**1,150.47**	**0.22**	**1,150.25**	**4.60**	**4.38**

53 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 have been given under Annexure-II to these financial statements:

ANNEXURE-II - Disclosure on Liquidity Risk

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at March 31, 2023 is as under:

(i) Funding Concentration based on significant counterparty

		As at March 31, 2023		
S. No.	No. of Significant Counterparties	Amount (₹ crore)	% of Total Deposits	% of Total Liabilities
1	1	5.00	N.A.	5.23%

		As at March 31, 2022		
S. No.	No. of Significant Counterparties	Amount (₹ crore)	% of Total Deposits	% of Total Liabilities
1	13	40.81	N.A.	26.62%

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

As at March 31, 2023	
Amount (₹ crore)	% of Total Borrowings
5.00	100.00%

Notes forming part of standalone financial statements

As at March 31, 2022	
Amount (₹ crore)	% of Total Borrowings
35.80	34.10%

Note:

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

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

S. No.	Name of the product	As at March 31, 2023		As at March 31, 2022	
		Amount (₹ in crore)	% of Total Liabilities	Amount (₹ in crore)	% of Total Liabilities
1	Preference Shares	–	0.00%	100.00	65.24%
2	Commercial Papers	–	0.00%	–	0.00%
3	Private NCD	–	0.00%	–	0.00%
4	Working Capital Bank Lines (CC/LOC/WCDL)	5.00	5.23%	5.00	3.26%
	Total	5.00	5.23%	105.00	68.50%

Note:

– A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

– Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(v) Stock Ratios:

S. No.	Stock Ratio	As at March 31, 2023	As at March 31, 2022
1	Commercial papers as a % of total liabilities	0.00%	0.00%
2	Commercial papers as a % of total assets	0.00%	0.00%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%	0.00%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%	0.00%
5	Other short-term liabilities as a % of total liabilities	94.29%	96.60%
6	Other short-term liabilities as a % of total assets	0.65%	1.30%

Note:

– 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.

54 Disclosures in terms of RBI/2020-21/24 DoR (NBFC) (PD) CC. No. 117/03.10.001/2020-21 dated August 13, 2020 have been given under:

1) Components of ANW and other related information: (₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	ANW as a % of Risk weighted Assets	98.89%	98.70%
(ii)	Unrealised appreciation in the book value of quoted investments	–	–
(iii)	Diminution in the aggregate book value of quoted investments	–	–
(iv)	Leverage Ratio	0.02	0.03

2) Investment in other CICs (₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
a)	Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	–	–
b)	Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	–	–
c)	Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	–	–

3) Off Balance Sheet Exposure (₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Off balance sheet exposure	–	–
(ii)	Financial Guarantee as a % of total offbalance sheet exposure	–	–
(iii)	Non-Financial Guarantee as a% of total offbalance sheet exposure	–	–
(iv)	Off balance sheet exposure to overseas subsidiaries	–	–
(v)	Letter of Comfort issued to any subsidiary	–	–

Notes forming part of standalone financial statements

4) Business Ratios

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Return on Equity (RoE)	18.70	1.94
(ii)	Return on Assets (RoA)	18.57	1.91
(iii)	Net profit per employee (₹ in crore)	642.93	218.18

5) Ratios Analysis as requried by Schedule III of the Companies Act, 2013

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022	% Variance
(i)	Capital ratio[1]	98.89%	98.70%	0.19%
(ii)	Tier I CRAR[2]	Not Applicable	Not Applicable	Not Applicable
(iii)	Tier II CRAR[2]	Not Applicable	Not Applicable	Not Applicable
(iv)	Liquidity coverage ratio[2]	Not Applicable	Not Applicable	Not Applicable

Note:

1 Capital ratio = Adjusted net worth/ Risk weighted assets, calculated as per applicable RBI guidelines

2 The Company is registered under the Reserve Bank of India Act, 1934 as systematically important non-deposit accepting core investment company, hence these ratios are generally not applicable.

6) Overseas assets

Nil

7) Dividend distributed to equity shareholders

The Board has not proposed any dividend for financial year ended March 31, 2023 in the Board of Directors meeting held on April 28, 2023.

The Board has proposed a final dividend of ₹ 0.50 per equity share for financial year ended March 31, 2022 in the Board of Directors meeting held on April 29, 2022.

Financial Year	Net Profit for the year ended (₹ in crore)	Rate of Dividend (%)	Amount of Dividend (₹ in crore)	Dividend Payout Ratio (%)
2021-22	218.18	5.00%	125.70	57.61%

55 Relationship with Struck off Companies

Sr No	Name of struck off Company	Nature of transactions with struck off Company	Balance Outstanding as at March 31, 2023 (₹ in crore)	Balance Outstanding as at March 31, 2022 (₹ in crore)	Relationship with the struck off Company
1	Victor Properties Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
2	Pegasus Mercantile Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder

Notes forming part of standalone financial statements

Sr No	Name of struck off Company	Nature of transactions with struck off Company	Balance Outstanding as at March 31, 2023 (₹ in crore)	Balance Outstanding as at March 31, 2022 (₹ in crore)	Relationship with the struck off Company
3	Architectural Glass Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
4	Kothari Intergroup Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
5	Sanvi Fincare Consultancy Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder

*Amount less than ₹ 50,000

56 The Company has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

57 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of amendments dated March 24, 2021 in Schedule III to the Companies Act 2013 with effect from 1st day of April, 2021:-

1. There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period as applicable.
2. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year 2022-2023.
3. There is no proceeding which has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
4. The details is not applicable to the Company, related to transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and shall also state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.
5. The Company is not declared wilful defaulter by any bank or financial Institution or other lender.
6. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

Notes forming part of standalone financial statements

7. The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall:
   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
8. The compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rule, 2017 is not applicable as the company is registered as non banking financial company with Reserve Bank of India.

58 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on 'Scale Based Regulation (SBR):

A Revised Regulatory Framework' for NBFCs, which inter-alia envisages certain specific disclosures read with circular no. DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 for "Disclosures in Financial Statements - Notes to Accounts of NBFCs".

(i) Sectoral Exposure:

(₹ in crore)

Sr No	Sectors	As at March 31, 2023			As at March 31, 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	–	–	–	–	–	–
2	Industry	–	–	–	–	–	–
3	Services	–	–	–	–	–	–
4	Personal Loans	–	–	–	–	–	–
5	Others, Inter corporate deposits	2,357.71	–	–	1,150.47	–	–

(ii) Intra group exposure:

(₹ crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1	Total amount of intra-group exposures	2,357.71	1,150.47
2	Total amount of top 20 intra-group exposures	–	–
	– L&T Finance Limited	2,357.71	1,037.59
	– L&T Financial Conultants Limited	0.00	112.88
3	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers		
	– L&T Finance Limited	100.00%	90.19%
	– L&T Financial Conultants Limited	0.00%	9.81%

(iii) Unhedged foreign currency exposure:

Nil

(iv) Related Party Disclosure

i) Related party transactions for the year ended -

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
Items	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Borrowings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances														
1) Inter corporate deposits given														
a) L&T Finance Limited	–	–	6,085.57	2,060.86	–	–	–	–	–	–	–	–	–	–
b) L&T Financial Consultants Limited	–	–	284.58	540.52	–	–	–	–	–	–	–	–	–	–
2) Inter corporate deposits repaid (including interest)														
a) L&T Finance Limited	–	–	4,746.08	2,115.66	–	–	–	–	–	–	–	–	–	–
b) L&T Financial Consultants Limited	–	–	396.45	649.72	–	–	–	–	–	–	–	–	–	–
Investments														
a) L&T finance limited	–	–	1,980.00	–	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultant limited	–	–	144.00	–	–	–	–	–	–	–	–	–	–	–
c) L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	–	–	51.38	–	–	–	–	–	–	–	–	–	–	–
Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest received														
a) L&T Finance Limited	–	–	141.04	47.67	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultants Limited	–	–	5.84	12.54	–	–	–	–	–	–	–	–	–	–
Others														
Others	20.82	0.17	230.53	275.16	–	–	14.98	16.40	–	–	–	–	–	–

(iv) Related Party Disclosure

ii) Related Party Balances as at the year end -

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
Items	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
Borrowings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances														
a) L&T Finance Limited	–	–	2,357.71	1,037.59	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultants Limited	–	–	–	112.88	–	–	–	–	–	–	–	–	–	–
Investments														
a) L&T Finance Limited	–	–	11,017.47	9,037.47	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultants Limited	–	–	162.75	18.75	–	–	–	–	–	–	–	–	–	–
c) L&T Infra Credit Limited	–	–	197.13	145.75	–	–	–	–	–	–	–	–	–	–
d) L&T Investment Management Limited	–	–	–	867.56	–	–	–	–	–	–	–	–	–	–
d) L&T Mutual Fund Trustee Limited	–	–	0.15	0.15	–	–	–	–	–	–	–	–	–	–
Purchase of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest received	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–

(iv) Related Party Disclosure

iii) Related Party maximum balances during the year ended -

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
Items	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Borrowings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances														
a) L&T Finance Limited	–	–	4,493.66	1,075.35	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultants Limited	–	–	111.87	224.10	–	–	–	–	–	–	–	–	–	–
Investments														
a) L&T Finance Limited	–	–	11,017.47	9,037.47	–	–	–	–	–	–	–	–	–	–
b) L&T Financial consultants Limited	–	–	162.75	18.75	–	–	–	–	–	–	–	–	–	–
c) L&T Infra Credit Limited	–	–	197.13	145.75	–	–	–	–	–	–	–	–	–	–
d) L&T Investment Management Limited	–	–	867.56	867.56	–	–	–	–	–	–	–	–	–	–
d) L&T Mutual Fund Trustee Limited	–	–	0.15	0.15	–	–	–	–	–	–	–	–	–	–
Purchase of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest received	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Notes forming part of standalone financial statements

(v) Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

(₹ crore)

Sr. No.	Particulars	As at March 31, 2023	As at March 31, 2022
	Complaints received by the NBFC from its customers		
1.	Number of complaints pending at beginning of the year	Nil	Nil
2.	Number of complaints received during the year	Nil	Nil
3.	Number of complaints disposed during the year	Nil	Nil
	Of which, number of complaints rejected by the NBFC		
4.	Number of complaints pending at the end of the year	Nil	Nil
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5.*	Number of maintainable complaints received by the NBFC from Office of Ombudsman		
	1) Number of complaints resolved in favour of the NBFC by Office of Ombudsman	Nil	Nil
	2) Number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	Nil	Nil
	3) Number of complaints resolved after passing of Awards by Office of Ombudsman	Nil	Nil
6.*	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
For the year ended March 31, 2023					
Grounds	Nil	Nil	Nil	Nil	Nil
For the year ended March 31, 2022					
Ground	Nil	Nil	Nil	Nil	Nil

(vi) Breach of Covenant

During the year ended March 31, 2023 , there is no instance of breach of covenant of loan availed or debt securities issued (applicable if any) by the company.

(vii)Divergence in Asset Classification and Provisioning*

a) the additional provisioning requirements assessed by RBI exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for financial year 2021-22 : Nil"

b) the additional Gross NPAs identified by RBI exceeds 5 percent of the reported Gross NPAs for financial year 2021-22 : Nil

Foot Note

*Final Inspection report for the financial year 2021-22 is not issued by the Reserve Bank of India as on March 31, 2023.

59 The Board of Directors of L&T Finance Holdings Limited ('the Company' or "LTFH') at its meeting held on January 13, 2023, approved the merger of L&T Finance Limited ("LTF"), L&T Infra Credit Limited ("LTICL") and L&T Mutual Fund Trustee Limited ("LTMFTL") (direct and indirect wholly owned subsidiaries of the Company) with the Company ("the Scheme"), pursuant to a scheme of arrangement under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT'), Reserve Bank of India and other Regulatory approvals. The appointed date for the Scheme is April 1, 2023.

The Scheme will, inter alia, result in the transfer and vesting of the assets, liabilities (including debt securities) and the entire undertaking of the LTF, LTICL and LTMFTL into Company, followed by the dissolution without winding up of LTF, LTICL and LTMFTL, the consequent cancellation of the equity shares held by the Company in the LTF, LTICL and LTMFTL, and certain adjustments to the securities premium account of Company.

60 The above standalone financial statements have been reviewed by the audit committee and subsequently approved by the Board of Directors at its meeting held on April 28, 2023.

61 Previous year figures have been regrouped / reclassified to make them comparable with those of current year.

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Independent Auditors' Report

To
The Members of
L&T Finance Holdings Limited

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Ind AS financial statements of L&T Finance Holdings Limited ('the Holding Company' or 'the Parent' or 'the Company') and its subsidiaries (the parent and its subsidiaries together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2023 and the consolidated statement of profit (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Emphasis of Matter

4. Attention is drawn to Note 54 of the Consolidated Financial Statements which describes the impact of reclassification due to change in business model and fair valuation of the Group's wholesale loan asset portfolio. Based on the change in business model, the wholesale loan assets previously measured at amortised cost have been reclassified and remeasured to fair value through profit and loss as on 1 October 2022. The one-time impact of such reclassification consequent to change in business model and fair valuation of wholesale loan asset portfolio, amounting to ₹ 2,687.17 crore has been presented as 'Exceptional items' in the Consolidated Financial Statements. Our Opinion on the Consolidated Financial Statements is not modified in respect of this matter.

Key Audit Matters

5. 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 year. 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 determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Impairment of goodwill on consolidation:** [Refer Note No 1.7 to the consolidated Financial Statements] The Goodwill on consolidation may be impaired due to the inherent uncertainty involved in forecasting and discounting future cash flows, determination of discount and terminal growth rates, which are the basis of the assessment of recoverability. These are the key judgement areas for our audit. 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.	**Principal audit procedures:** • Obtained an understanding of Management's processes and controls with regard to testing the goodwill for impairment. • Assessed the appropriateness of the forecast cash flows within the budgeted period based on the understanding of the business and sector experience. • Verifying the profitability and cashflow position of the concerned entities • Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved.
2	**Allowance for Expected Credit Loss on Retail Loan Assets and Structured Corporate Finance loan assets** Refer note 1.10 to the Consolidated Financial Statements	
	Subjective estimate As at 31 March 2023, the Group has reported gross retail loan assets and structured corporate finance loan assets aggregating to ₹ 61,384.43 crores against which an impairment loss of ₹ 3,286.62 crores has been recorded. The Group has recognized impairment provision for loan assets based on the Expected Credit Loss ("ECL") approach laid down under 'Ind AS 109 – Financial Instruments'. The estimation of ECL on financial instruments involves significant management judgement and estimates and the use of different modelling techniques and assumptions which could have a material impact on reported profits. Significant management judgement and assumptions involved in measuring ECL is required with respect to: ➢ Completeness and accuracy of the data used to create assumption in the model ➢ determining the criteria for a significant increase in credit risk ➢ factoring in future economic indicators ➢ techniques used to determine probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'). These parameters are derived from the Group's internally developed statistical models and other historical data.	Our audit procedures included the following: **Design / controls** Key aspects of our controls testing for the Group involved the following: • Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding. • For the Holding Company and its subsidiaries, testing the 'Governance Framework' controls over validation, implementation, and model monitoring in line with the RBI guidance. **Substantive tests** Key aspects of our testing included the following: • Inquiries with Management regarding the ECL framework, Group policies on ECL and management overlay and reasonableness of the Group's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. • Inquiring with respective component auditors about the above matters and seeking the explanations based on their audit procedures. • Placing reliance on responses by auditors of lending companies to our group reporting instructions ("GRI") pertaining to their performing testing of completeness, accuracy and relevance of data while arriving at the provisions; the procedures carried by such auditors included:

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>Further, continuous regulatory overview and changes in the light of economic environment makes this a significant audit area.

On the basis of estimate made by the management of the Company for provisioning requirements, in addition to the output of the ECL models, macroeconomic overlays and adjustments are recognised by the Group in order to align historic LGD estimates with the current collection and recovery practices. The basis of estimates and assumptions involved in arriving at the overlay are monitored by the Group periodically and significantly depend on future developments in the economy including expected impairment losses.

Disclosure

The disclosures regarding the Group's application of Ind AS 109 are key to explaining the key judgements and material inputs to ECL results. Further, disclosures to be provided as per RBI circulars with regard to non-performing assets and provisions is also an area of focus. Considering the significance of the above matter to the overall financial statements, additional complexities involved on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention, hence the key audit matter.</td><td>o verifying 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.
o checking the appropriateness of information used in the estimation of the Probability of Default ("PD") and Loss given Default ("LGD") for the different stages depending on the nature of the portfolio.
o reconciling the total retail and structured corporate finance loans considered for ECL assessment with the books of accounts to ensure the completeness.

Performing the following substantive procedures on sample of loan assets:
o testing the appropriateness of staging of borrowers based on DPD and other loss indicators.
o testing the factual accuracy of information such as period of default and other related information used in estimating the PD.
o evaluating the reasonableness of applicable assumptions included in LGD computation.
o evaluating the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model.
o verifying the completeness and adequacy of the disclosures made in the financial statements and ensured compliance with Ind AS provisions.
• Ascertainment of adequacy of such provisions based on above at the consolidated level.</td></tr>
<tr><td>3</td><td colspan="2">Fair valuation of wholesale loan assets portfolio
Refer Note 6 and Note 47 to the Consolidated Financial Statements</td></tr>
<tr><td></td><td>The auditors of two subsidiaries viz. L&T Finance Limited and L&T Infra Credit Limited have reported that as under:

"As part of its four-year Business Strategy – "Lakshya 2026", the Group has decided to reduce its wholesale loan asset portfolio in the near term through accelerated sale or prepayments.</td><td>The audit procedures performed by the auditors of these two subsidiaries included the following but not limited to:

"We obtained an understanding, evaluated the design and tested the operating effectiveness of the controls over management's process for valuation of such wholesale loan asset portfolio, including controls</td></tr>
</table>

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
	During the year, the Group has changed its business model for wholesale loan assets portfolio which were previously measured at amortised cost. These assets have been reclassified and remeasured to fair value through profit and loss as on 01 October 2022. The one-time impact of reclassification and fair valuation, consequent to change in business model amounting to ₹ 2,687.17 crores has been presented as 'Exceptional item' in Statement of Profit and Loss. The Company carried out the fair valuation of these assets as on 01 October 2022, which was the reclassification date. Consequent to the classification, these assets are remeasured at fair value on each reporting date. The Group used valuation techniques, modelling assumptions, and estimates of unobservable market inputs which required significant management judgment. Management has engaged the services of an expert in order to assist with the valuation of the wholesale loan portfolio." The above matter identified as KAM in view of significant management's judgments and assumptions used in the estimation of the fair value of these loan assets.	over market data inputs, model and methodology governance, and valuation adjustments. Involved our valuation specialist and performed the following procedures : • Tested the appropriateness of valuation techniques, models and methodologies, and the inputs used in those models by performing an independent revaluation of certain complex loan assets. • Used independent models, inputs and compared inputs to available market data. • Challenged key judgments in relation to a sample of loan assets measured at fair value. • Calculated a range of comparable values and considered reasonable alternative key assumptions and compared results. • Verified fair valuation of loan assets as at the date of reclassification. • Verified the completeness and adequacy of the disclosures made in the financial statements." We have verified the completeness and adequacy of the disclosures made in the Consolidated Financial Statements.
4	**Information technology system for financial reporting and Consolidation process**	
	The Group is highly dependent upon its information technology (IT) systems for carrying out its operations and owing to the significant volume of transactions that are processed, through interface of complex IT system's architecture, which impacts key financial accounting and reporting. The company has put in place the IT General Controls and application controls to ensure that the information generated by the systems of the company is reliable. The Management, inter alia, uses such information produced by the entity's IT systems for accounting, preparation and the presentation of the financial statements. Considering numerous entities across different business lines to be covered by consolidation, our audit strategy included focus on entity's key IT systems relevant to our audit due to their potential pervasive impact on the consolidated financial statements, hence a key audit matter.	We have assessed the IT systems and controls over financial reporting, which includes carrying out the key audit procedures, but were not limited to: • We obtained an understanding of the Group's key IT systems, IT General Controls which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management and application controls relevant to our audit. • Deployed our internal experts to test the IT general controls and select application controls in course of our audit of consolidated financial statements. • We also tested the accounting entries manually for consolidation to ensure completeness and accuracy.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
		• Reliance was placed on the further procedures performed by the auditors of subsidiaries e.g.: o Obtaining an understanding of IT applications landscape implemented by the respective Companies, including an understanding of the process, mapping of applications and understanding financial risks posed by people, process and technology. o Testing of design and operating effectiveness of key controls over user access management (including user access provisioning, de-provisioning, user access review, password configuration review and privilege access), change management (including compliance of change release in production environment to the defined procedures), program development (including review of data migration activity), computer operations (including testing of key controls pertaining to, backup, batch processing, incident management and data centre security.

Other Information

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

7. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

8. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

10. 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 each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

12. 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.

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

13.1. 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.

13.2. Obtain an understanding of internal 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 Holding Company and its subsidiary companies have adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

13.4. 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.

13.5. 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.

13.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by 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.

14. We communicate with those charged with governance of the Holding Company 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.

15. 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.

16. 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 year 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

17. We did not audit the financial statements of nine (9) subsidiaries, whose financial statements reflect total assets of ₹ 1,07,096.42 crores as at 31 March 2023, total revenues of ₹ 13,054.14 crores, total net loss of ₹ 731.94 crores, total comprehensive income/(loss) of ₹ (684.44) crores and net cash inflows amounting to ₹ 4,315.43 crores 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 section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

18. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

19.1. 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.

19.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

19.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow 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.

19.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

19.5. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

19.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary companies and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

19.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act.

20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as noted in the 'Other Matters' paragraph:

20.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group, – Refer Note 44 to the Consolidated Financial Statements.

20.2. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 4 to the Consolidated Financial Statements in respect of such items as it relates to the Group.

20.3. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and/or its subsidiary companies during the year ended 31 March 2023.

20.4. The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited by other auditors, under the Act, have represented to us and to the other auditors of such subsidiaries, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.5. The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited by other auditors, under the Act, have represented to us and to the other auditors of such subsidiaries, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

20.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries whose financial statements have been audited under the

Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 20.4 and 20.5 contain any material misstatement.

20.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies which were not audited by us,

a. the final dividend proposed in previous year, declared and paid during the year by the Holding Company and its subsidiaries is in compliance with Section 123 of the Act.

b. The interim dividend declared and paid by the subsidiaries during the year and until the date of this audit report is in compliance with Section 123 of the Act.

20.8. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 01 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-24 onwards.

21. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSRE4159

Place: Mumbai
Date: 28 April 2023

Annexure 'A' to the Independent Auditors' Report

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of L&T Finance Holdings Limited for the year ended 31 March 2023

(Referred to in paragraph '19.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of L&T Finance Holdings Limited as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of L&T Finance Holdings Limited 'the Holding Company' and its subsidiary companies ('the Group') as of that date.

2. In our opinion, the Group has, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The respective Board of Directors of the Holding Company, its subsidiary companies are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Group's internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs 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 with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

7. A company's internal financial controls with reference to the Consolidated Financial Statements 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 controls with reference to the Consolidated Financial Statements 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 with reference to the consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, 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 with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to nine subsidiary companies is based on the corresponding reports of the auditors of such subsidiaries.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 23033494BGWSRE4159

Place: Mumbai
Date: 28 April 2023

Consolidated Balance Sheet as at March 31, 2023

(₹ in crore)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS:			
1 Financial assets			
(a) Cash and cash equivalents	**2**	9,108.68	4,915.98
(b) Bank balance other than (a) above	**3**	3,640.23	3,054.44
(c) Derivative financial instruments	**4**	174.45	207.12
(d) Receivables	**5**		
(I) Trade receivables		5.88	15.92
(II) Other receivables		137.09	47.76
(e) Loans	**6**	75,154.55	82,469.44
(f) Investments	**7**	14,366.20	11,916.94
(g) Other financial assets	**8**	90.30	93.31
		1,02,677.38	**1,02,720.91**
2 Non-financial assets			
(a) Current tax assets (net)		677.28	695.99
(b) Deferred tax assets (net)	**43**	1,861.09	1,444.57
(c) Investment property	**9**	311.49	324.18
(d) Property, plant and equipment	**10**	57.09	23.98
(e) Intangible assets under development	**10**	4.81	21.81
(f) Goodwill on consolidation		13.40	13.40
(g) Other intangible assets	**10**	115.37	116.02
(h) Right of use asset	**11, 40**	55.17	31.23
(i) Other non-financial assets	**12**	589.06	682.68
		3,684.76	**3,353.86**
3 Group of asset classified as held for sale	**42**	**–**	**827.41**
TOTAL ASSETS		**1,06,362.14**	**1,06,902.18**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Payables	**13**		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.15	0.19
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		806.24	432.42
(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		–	6.49
(b) Debt securities	**14**	36,105.38	42,194.10
(c) Borrowings (other than debt securities)	**15**	44,139.59	39,323.81

Consolidated Balance Sheet as at March 31, 2023 (Contd...)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
(d) Subordinated liabilities	**16**	2,798.48	3,683.32
(e) Lease liability	**40**	61.45	35.53
(f) Other financial liabilities	**17**	544.24	672.28
		84,455.53	**86,348.14**
2 Non-financial liabilities			
(a) Current tax liabilities (net)		176.20	235.45
(b) Provisions	**18**	32.70	28.15
(c) Deferred tax liabilities (net)	**43**	23.34	21.80
(d) Other non-financial liabilities	**19**	56.56	56.13
		288.80	**341.53**
3 Group of liabilities classified as held for sale	**42**	**–**	**84.98**
4 EQUITY			
(a) Equity share capital	**20**	2,479.67	2,474.04
(b) Other equity	**21**	19,048.70	17,473.66
Equity attributable to owners of the Company		**21,528.37**	**19,947.70**
5 Non-controlling interest		89.44	179.83
Total Liabilities and Equity		**1,06,362.14**	**1,06,902.18**
Significant accounting policies	**1**		
See accompanying notes forming part of the consolidated financial statements	**2 to 58**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

(₹ in crore)

	Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
	Revenue from operations			
(i)	Interest income	**22**	12,565.11	11,704.17
(ii)	Dividend income	**23**	0.08	0.18
(iii)	Rental income	**24**	3.48	7.92
(iv)	Fees and commission income	**25**	158.15	210.21
(v)	Net gain on fair value changes	**26**	48.13	7.22
I	**Total revenue from operations**		**12,774.95**	**11,929.70**
II	Other income	**27**	526.75	393.85
III	**Total income (I+II)**		**13,301.70**	**12,323.55**
	Expenses			
(i)	Finance costs	**28**	5,797.24	5,753.79
(ii)	Net loss on fair value changes	**29**	620.54	1,089.11
(iii)	Net loss on derecognition of financial instruments under amortised cost category	**30**	359.69	285.01
(iv)	Impairment on financial instruments	**31**	1,560.18	1,709.17
(v)	Employee benefits expenses	**32**	1,405.93	1,094.84
(vi)	Depreciation, amortization and impairment	**33**	111.24	102.64
(vii)	Other expenses	**34**	1,316.23	1,066.14
IV	**Total expenses**		**11,171.05**	**11,100.70**
V	**Profit before exceptional items and tax (III-IV)**		**2,130.65**	**1,222.85**
VI	Exceptional items	**54**	(2,687.17)	–
VII	**Profit/(loss) before tax (V+VI)**		**(556.52)**	**1,222.85**
VIII	**Tax expense**			
	(i) Current tax	**35**	626.32	210.89
	(ii) Deferred tax	**35**	(453.95)	162.73
IX	**Profit/(loss) after tax from continuing operations (VII-VIII)**		**(728.89)**	**849.23**
X	Share in profit of associates		–	–
XI	**Profit/(loss) after tax from continuing operations and share in profit of associate company (IX+X)**		**(728.89)**	**849.23**
	Discontinued operations			
XII	Profit before tax from discontinued operations	**42**	2,739.34	251.96
XIII	Tax expense of discontinued operations		473.97	51.95
XIV	**Profit after tax from discontinued operations**		**2,265.37**	**200.01**
XV	**Net profit after tax from continuing operations and discontinued operations (XI+XIV)**		**1,536.48**	**1,049.24**
XVI	**Profit for the year attributable to:**			
	Owners of the company		1,623.25	1,070.11
	Non-controlling interest		(86.77)	(20.87)
XVII	**Other comprehensive income**		**45.23**	**64.13**
A	**Items that will not be reclassified to profit or loss**			
	(a) Remeasurements of the defined benefit plans (net of tax)		(0.18)	0.67
B	**Items that will be reclassified to profit or loss**			

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

(Contd....)

Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
	(a) Change in fair value of debt instruments measured at fair value through other comprehensive income		(16.48)	21.84
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		61.89	41.62
	Other comprehensive income for the year attributable to:			
	Owners of the company		45.23	64.13
	Non-controlling interest		–	–
XVIII	**Total comprehensive income (XV+XVII)**		**1,581.71**	**1,113.37**
	Total comprehensive income for the year attributable to:			
	Owners of the company		1,668.48	1,134.24
	Non-controlling interest		(86.77)	(20.87)
XIX	**Earnings per equity share**	**41**		
	Continuing operations :			
	Basic (₹)		(2.59)	3.52
	Diluted (₹)		(2.58)	3.51
	Discontinued operations :			
	Basic (₹)		9.15	0.81
	Diluted (₹)		9.12	0.81
	Total operations :			
	Basic (₹)		6.56	4.33
	Diluted (₹)		6.54	4.32
Significant accounting policies		**1**		
See accompanying notes to the consolidated financial statements		**2 to 58**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,47,40,35,488	2,474.04	2,46,94,45,704	2,469.45
Changes in Equity Share Capital due to prior period errors	–	–	–	–
Restated balance at the beginning of the current reporting year	–	–	–	–
Add: Shares issued during the year:				
– Against employee stock option	56,35,629	5.63	45,89,784	4.59
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**2,47,96,71,117**	**2,479.67**	**2,47,40,35,488**	**2,474.04**

B. Other Equity

(₹ in crore)

Particulars	Reserve and surplus							
	Securities premium account	General reserve	Debenture redemption reserve	Capital 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
Balance as at April 1, 2021	**7,707.39**	**236.16**	**213.10**	**–**	**492.36**	**911.35**	**1,960.06**	**27.43**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	–	–	–	–
Other comprehensive income, net of tax (d)	–	–	–	–	–	–	–	–
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of equity shares	44.75	–	–	–	–	–	–	–
Share issue expenses	(0.52)	–	–	–	–	–	–	–
Transfer to general reserve	–	216.46	(207.95)	–	–	–	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–	206.05	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	–	50.93	–	–
Transfer to debenture redemption reserve	–	–	–	33.10	–	–	–	–
Balance as at March 31, 2022	**7,751.62**	**452.62**	**5.15**	**33.10**	**492.36**	**962.28**	**2,166.11**	**27.43**

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(Contd....)

(₹ in crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total Other Equity	Non-Controlling interest	Total
	Retained earnings	Employee stock option outstanding account	Impairment Reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Balance as at April 1, 2021	**4,642.40**	**199.77**	**28.36**	**(12.89)**	**(101.74)**	**16,303.75**	**197.15**	**16,500.90**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	1,070.11	–	–	–	–	1,070.11	(20.87)	1,049.24
Other comprehensive income, net of tax (d)	0.67	–	–	21.84	41.62	64.13	–	64.13
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**1,070.78**	**–**	**–**	**21.84**	**41.62**	**1,134.24**	**(20.87)**	**1,113.37**
Issue of equity shares	–	–	–	–	–	44.75	–	44.75
Share issue expenses	–	–	–	–	–	(0.52)	–	(0.52)
Employee share options (net)	–	(8.56)	–	–	–	(8.56)	–	(8.56)
Transfer to general reserve	–	(8.51)	–	–	–	–	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	(206.05)	–	–	–	–	–	–	–
Transfer to reserve u/s 36(1) (viii) of Income tax Act, 1961	(50.93)	–	–	–	–	–	–	–
Transfer to debenture redemption reserve	(33.10)	–	–	–	–	–	–	–
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	–	–	3.55	3.55
Balance as at March 31, 2022	**5,423.10**	**182.70**	**28.36**	**8.95**	**(60.12)**	**17,473.66**	**179.83**	**17,653.49**

Consolidated Statement of Changes in Equity for the year ended March 31, 2023 (Contd....)

(₹ in crore)

Particulars	Reserve and surplus							
	Securities premium account	General reserve	Debenture redemption reserve	Capital 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
Balance as at April 1, 2022	**7,751.62**	**452.62**	**5.15**	**33.10**	**492.36**	**962.28**	**2,166.11**	**27.43**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	–	–	–	–
Other comprehensive income, net of tax (d)	–	–	–	–	–	–	–	–
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of equity shares	50.45	–	–	–	–	–	–	–
Transfer to general reserve	–	25.54	(4.01)	–	–	–	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–	514.34	–
Transfer to reserve u/s 36(1) (viii) of Income tax Act, 1961	–	–	–	–	–	69.00	–	–
Transfer to capital redemption reserve	–	–	–	35.75	–	–	–	–
Balance as at March 31, 2023	**7,802.07**	**478.16**	**1.14**	**68.85**	**492.36**	**1,031.28**	**2,680.45**	**27.43**

(₹ in crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total Other Equity	Non-Controlling interest	Total
	Retained earnings	Employee stock option outstanding account	Impairment Reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Balance as at April 1, 2022	**5,423.10**	**182.70**	**28.36**	**8.95**	**(60.12)**	**17,473.66**	**179.83**	**17,653.49**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	1,623.25	–	–	–	–	1,623.25	(86.77)	1,536.48
Other comprehensive income, net of tax (d)	(0.18)	–	–	(16.48)	61.89	45.23	–	45.23
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**1,623.07**	**–**	**–**	**(16.48)**	**61.89**	**1,668.48**	**(86.77)**	**1,581.71**

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(Contd....)

(₹ in crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total Other Equity	Non-Controlling interest	Total
	Retained earnings	Employee stock option outstanding account	Impairment Reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Issue of equity shares	–	–	–	–	–	50.45	–	50.45
Employee share options (net)	–	(20.14)	–	–	–	(20.14)	–	(20.14)
Transfer to general reserve	–	(21.53)	–	–	–	–	–	–
Transfer to impairment reserve	(4.03)	–	4.03	–	–	–	–	–
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	(514.34)	–	–	–	–	–	–	–
Transfer to reserve u/s 36(1) (viii) of Income tax Act, 1961	(69.00)	–	–	–	–	–	–	–
Transfer to capital redemption reserve	(35.75)	–	–	–	–	–	–	–
Dividend paid	(123.75)	–	–	–	–	(123.75)	–	(123.75)
Net gain/(loss) on transaction with non-controlling interest	–	–	–	–	–	–	(3.62)	(3.62)
Balance as at March 31, 2023	**6,299.30**	**141.03**	**32.39**	**(7.53)**	**1.77**	**19,048.70**	**89.44**	**19,138.14**

Significant accounting policies **Note 1**

See accompanying notes to the consolidated financial statements **Note 2 to 58**

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Consolidated Statement of Cash Flows for the year ended March 31, 2023

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash flow from operating activities		
Profit before tax from :		
Continuing operations	(556.52)	1,222.85
Discontinued operations	2,739.34	251.96
Adjustment for:		
Depreciation, amortization and impairment	111.24	102.64
Loss / (Profit) on sale of property, plant and equipment (net)	(2.97)	0.03
Net fair value (gain) / loss on loan asset	(541.61)	348.10
Net fair value loss on financial instruments	1,114.02	753.56
Net loss on derecognition of financial instruments under amortised cost category	359.69	285.01
Impairment on Financial Instruments	1,560.18	1,713.44
Gain on disposal of discontinued operations	(2,608.38)	–
Exceptional Item	2,687.17	–
Non-cash items related to discontinued operations	(10.27)	(17.91)
Share based payment to employees	26.57	20.11
Operating profit before working capital changes	**4,878.46**	**4,679.79**
Changes in working capital		
Decrease in financial and non-financial assets	685.33	274.03
Decrease in financial and non-financial liabilities	(177.09)	(316.37)
Cash generated from operations	**5,386.70**	**4,637.45**
Direct taxes paid	(1,146.41)	(372.11)
Loans repaid (net of disbursement)	3,250.18	1,812.72
Net cash flow generated from operating activities (A)	**7,490.47**	**6,078.06**
B. Cash flows from investing activities		
Add: Inflow from investing activities		
Proceed from sale of property, plant and equipment	31.87	0.95
Proceed from sale of investments	5,380.64	2,454.64
Net proceeds for transfer of discontinued operations	3,335.65	–
Less: Outflow from investing activities		
Purchase of property, plant and equipment and Intangible assets (including under development)	(127.92)	(77.55)
Investment in other bank balances	(772.22)	(1,482.40)
Purchase of Investments	(8,955.00)	(5,979.18)
Net cash flow used in investing activities (B)	**(1,106.98)**	**(5,083.54)**
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	9.37	20.68
Proceeds from borrowings	22,956.37	18,186.29

Consolidated Statement of Cash Flows for the year ended March 31, 2023

(Contd....)

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Less: Outflow from financing activities		
Payment to non-controlling interests	(3.62)	3.55
Share issue expenses	–	(0.52)
Dividend paid	(123.75)	–
Repayment of borrowing	(24,148.28)	(20,175.81)
Redemption of preference shares	(353.90)	(1,057.20)
Net cash used in financing activities (C)	**(1,663.81)**	**(3,023.01)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**4,719.68**	**(2,028.49)**
Cash and cash equivalents as at beginning of the year	4,915.98	6,947.79
Cash and cash equivalents for discontinued operations (classified as assets held for sale)	(526.98)	(3.32)
Cash and cash equivalents as at end of the year	**9,108.68**	**4,915.98**

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, 2023	Year ended March 31, 2022
Interest received		13,059.31	12,038.41
Interest paid		6,240.64	6,503.90
Significant accounting policies	**Note 1**		
See accompanying notes to the financial statements	**Note 2 to 58**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 28, 2023

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 28, 2023

Notes forming part of consolidated financial statements

1. Significant Accounting Policies:

1.1 Statement of compliance:

The Consolidated financial statements of L&T Finance Holdings Limited (the "Company") and its subsidiaries (together the "Group") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the applicable regulations of Reserve Bank of 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, Statement of changes in Equity for the year, and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III of Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1.4 Basis of consolidation:

a) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control is achieved when the Group, directly or indirectly:

- has power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

b) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests (NCI) and have been shown separately in the financial

Notes forming part of consolidated financial statements

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.

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

Notes forming part of consolidated financial statements

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.

(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.

Change in the fair value of financial asset at FVTPL are recognised in the statement of profit and 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.

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

Notes forming part of consolidated financial statements

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

  It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The 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 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.

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

Notes forming part of consolidated financial statements

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.

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.

Fair value hedge:

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

Notes forming part of consolidated financial statements

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship are fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedge:

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. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 Revenue recognition:

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

(i) Interest and dividend income:

Interest income is recognised in the consolidated statement of Profit and Loss using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI) except for those classified as held for trading. Financial assets measured or designated at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

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

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

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

(ii) Fee and commission income:

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

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

(iii) Net gain or fair value change:

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

(iv) Investment management fees, guarantee fees and portfolio management fees:

Income from investment management fees is recognised in accordance with the Investment Management Agreement and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed.

Guarantee fees is recognised on pro rata basis over the period of the guarantee.

Portfolio management fees are recognised on accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

(v) Other operational revenue:

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

1.16 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.17 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.

Notes forming part of consolidated financial statements

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

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

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

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

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

1.18 Investment property:

Investment properties are properties (including those under construction) held to earn rentals and/ or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land and 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".

Notes forming part of consolidated financial statements

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.

Notes forming part of consolidated financial statements

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

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

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

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

(iii) Long term employee benefits:

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

(iv) Termination benefits:

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

1.22 Leases:

The Group as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses (Refer note no 34 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

The Group as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Group's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Group recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Group presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

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

Notes forming part of consolidated financial statements

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

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.

Notes forming part of consolidated financial statements

1.34 Changes in Indian Accounting standards issued but not effective:

The Ministry of Corporate Affairs notified Companies (Indian Accounting Standards) Amendment Rules, 2023 on March 31, 2023 (G.S.R. 242 (E)). These amendments would be applicable from annual reporting periods beginning on or after 1 April 2023.

Ind AS 1 - Presentation of Financial Statements

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Ind AS 12 - Income Taxes

Ind AS 34 - Interim Financial Reporting

Ind AS 101 - First-time Adoption of Indian Accounting Standards

Ind AS 102 - Share-based Payment

Ind AS 103 - Business Combinations

Ind AS 107 - Financial Instruments: Disclosures

Ind AS 109 - Financial Instruments

Ind AS 115 - Revenue from Contracts with Customers

The company is in process of evaluating the impact of such amendments.

Notes forming part of consolidated financial statements

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	9.57	7.23
Balances with banks in current accounts (of the nature of cash and cash equivalents)	3,741.20	896.69
Balance with banks in fixed deposit with maturity less than 3 months *	5,357.91	4,012.06
Total	**9,108.68**	**4,915.98**

* The Company has identified certain fixed deposits with bank, amounting to ₹ 1,000 crore as at March 31, 2023 and the same is in the process of lien marking against the secured debt securities.

3 Bank balance other than (Note 2) above

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked balances with banks		
Unclaimed infrastructure bonds	181.20	367.46
Unclaimed dividend on equity shares	1.17	1.34
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.94
Balance with banks in fixed deposit with maturity greater than 3 months and less than 12 months	733.78	1,115.88
Balances with banks held as margin money or security against borrowing, guarantees, other commitments	2,723.30	1,568.82
Total	**3,640.23**	**3,054.44**

4 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Currency derivatives:		
Notional amounts		
– Currency swaps	864.55	5,780.77
Fair value assets		
– Currency swaps (i)	**172.39**	**207.12**
Interest rate derivatives:		
Notional amounts		
– Overnight Interest rate swaps	**800.00**	**5,780.77**
Fair value assets		
– Overnight Interest rate swaps (ii)	**2.06**	**207.12**
Total (i+ii)	**174.45**	**207.12**

Notes forming part of consolidated financial statements

Included in above are derivatives held for hedging and risk management purposes as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value hedging:		
Notional amounts		
– Fair value derivatives	300.00	–
Fair Value Assets		
– Fair value derivatives	0.77	–
	0.77	**–**
Cash flow hedging:		
Notional amounts		
– Currency derivatives	864.55	5,780.77
– Interest rate derivatives	500.00	–
Fair value assets		
– Currency derivatives (i)	172.39	290.54
– Interest rate derivatives (ii)	1.29	–
Fair Value Liabilities		
– Currency derivatives (iii)	–	(83.42)
Subtotal	**173.68**	**207.12**
Total derivative financial instruments (i+ii+iii)	**174.45**	**207.12**

5 Receivables

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables (Refer note below)		
(a) Receivables considered good - unsecured	5.88	15.92
(b) Receivables - credit impaired	7.59	7.18
(c) Impairment loss allowance	(7.59)	(7.18)
	5.88	**15.92**
Other receivables		
(a) Receivables considered good - unsecured	134.28	46.26
(b) Receivables from related parties (Refer note 39)	2.81	**1.50**
(c) Receivables - credit impaired	4.92	**-**
(d) Impairment loss allowance	(4.92)	**-**
	137.09	**47.76**
Total	**142.97**	**63.68**

Notes forming part of consolidated financial statements

5a Ageing of Trade Receivables

(₹ in crore)

Particulars	Outstanding as on March 31, 2023 *						
	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivable Considered Good	–	5.80	0.05	0.03	–	–	5.88
Undisputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivable credit impaired	–	1.10	–	6.49	–	–	7.59
Less : Impairment loss	–	(1.10)	–	(6.49)	–	–	(7.59)
Disputed Trade Receivable Considered Good	–	–	–	–	–	–	–
Disputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivable credit impaired	–	–	–	–	–	–	–
Total	**–**	**5.80**	**0.05**	**0.03**	**–**	**–**	**5.88**

Ageing of Trade Receivables

(₹ in crore)

Particulars	Outstanding as on March 31, 2022 *						
	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	Total
Undisputed Trade Receivable Considered Good	–	15.92	–	–	–	–	15.92
Undisputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed Trade Receivable credit impaired	–	7.18	–	–	–	–	7.18
Less : Impairment loss	–	(7.18)	–	–	–	–	(7.18)
Disputed Trade Receivable Considered Good	–	–	–	–	–	–	–
Disputed Trade Receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed Trade Receivable credit impaired	–	–	–	–	–	–	–
Total	–	15.92	–	–	–	–	15.92

* The above ageing is prepared on the basis of date of the transaction.

Notes forming part of consolidated financial statements

6 Loans

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) (i) At amortised cost		
– Term loans	61,384.00	59,870.40
– Debentures	–	2,748.95
– Loans repayable on demand	–	718.28
– Leasing	0.43	5.17
Total gross loans at amortised cost	61,384.43	63,342.80
– Less: impairment loss allowance	(3,286.62)	(3,627.14)
Subtotal (i)	**58,097.81**	**59,715.66**
(ii) At fair value through profit or loss:		
– Term loans	18,514.00	23,119.45
– Debentures	715.27	343.00
– Loans repayable on demand	279.17	–
Total gross loans at fair value through profit or loss	19,508.44	23,462.45
– Less: impact of fair value changes	(2,451.70)	(708.67)
Subtotal (ii)	**17,056.74**	**22,753.78**
Total	**75,154.55**	**82,469.44**
(B) (i) At amortised cost		
– Secured by tangible assets	34,394.74	46,318.96
– Unsecured	26,989.69	17,023.84
Total gross loans at amortised cost	61,384.43	63,342.80
– Less: impairment loss allowance/net fair value changes	(3,286.62)	(3,627.14)
Subtotal (i)	**58,097.81**	**59,715.66**
(ii) At fair value through profit or loss:		
– Secured by tangible assets	19,485.93	23,462.45
– Unsecured	22.51	–
Total gross loans at fair value through profit or loss	19,508.44	23,462.45
– Less: impact on fair value changes	(2,451.70)	(708.67)
Subtotal (ii)	**17,056.74**	**22,753.78**
Subtotal (i)+(ii)	**75,154.55**	**82,469.44**
(C) (I) Loans in India		
(i) At amortised cost		
– Public sector	–	43.75
– Others	61,384.43	63,299.05
– Less: impairment loss allowance	(3,286.62)	(3,627.14)
Subtotal (i)	**58,097.81**	**59,715.66**
(ii) At fair value through profit or loss:		
– Public sector	6.25	–
– Others	19,502.19	23,462.45
– Less: impact on fair value changes	(2,451.70)	(708.67)
Subtotal (ii)	**17,056.74**	**22,753.78**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(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: impact on fair value changes	–	–
Subtotal (ii)	**–**	**–**
Total	**75,154.55**	**82,469.44**

7 Investments

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	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						
JSW Ispat special product limited	10	5,93,420	1.85	10	5,93,420	1.91
KSK energy ventures limited	–	–	–	10	1,06,88,253	–
3i Infotech limited	10	2,42,638	0.67	10	2,42,638	1.24
Diamond power infrastructure limited	10	13,56,057	–	10	13,56,057	–
MIC Electronics Limited	2	13,46,154	1.60	2	13,46,154	2.25
Monind limited	10	4,638	–	10	4,638	–
Monnet project developers limited	10	11,279	–	10	11,279	–
Zee media corporation limited	10	2,53,98,667	21.85	10	2,53,98,667	42.16
Zee learn limited	10	2,21,62,667	7.20	10	2,21,62,667	27.48
Dish TV India limited	–	–	–	10	3,59,27,667	58.74
Siti networks limited	10	5,73,83,732	6.60	10	5,73,83,732	16.35
Future retail limited	10	26,47,883	0.55	10	26,47,883	8.26
			40.32			**158.39**
(ii) Unquoted						
(a) Investments carried at fair value through profit or loss						
Soma tollways private limited	10	1,92,65,780	166.19	10	1,92,65,780	329.10
Bhoruka power corporation limited	10	17,58,848	36.17	10	17,58,848	195.85
Ardom telecom private limited	10	33,58,380	9.50	10	33,58,380	9.50
Grameen capital india private limited	10	21,26,000	–	10	21,26,000	–
Indian highways management company limited	10	15,00,000	1.73	10	15,00,000	1.73

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Face value (₹)	Quantity (Nos)	Net Carrying Value	Face value (₹)	Quantity (Nos)	Net Carrying Value
Tikona infinet limited	10	4,25,912	–	10	4,25,912	–
Integrated digital info services limited	10	3,83,334	–	10	3,83,334	–
Elque polyesters limited	10	1,94,300	–	10	1,94,300	–
Revent Metalcast Limited (Erstwhile Castex Technologies Limited)	2	7,65,241	–	2	7,65,241	–
Gol offshore limited	10	1,13,44,315	–	10	1,13,44,315	–
SVOGL oil gas and exploration services limited	10	34,37,172	–	10	34,37,172	–
Glodyne technoserve limited	6	3,19,262	–	6	3,19,262	–
Usher agro limited	10	3,35,344	–	10	3,35,344	–
Unity Infraprojects Limited	2	6,94,370	–	2	6,94,370	–
KSK energy ventures limited	10	1,06,88,253	–	10	1,06,88,253	–
The kalyan janatha sahakari bank limited	–	–	–	10	20,000	0.05
Bhoruka power india investments private limited	10	10	–	10	10	–
The malad sahakari bank limited	10	100	–	10	100	–
Athena chattisgarh power limited	10	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	2,63,85,108	–	10	2,63,85,108	–
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	9,07,264	–	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	–
			213.59			**536.23**
(B) INVESTMENTS IN DEBT SECURITIES						
(a) Investments carried at fair value through profit or loss						
Bhoruka power corporation limited	1,00,000	32,500	137.54	1,00,000	32,500	510.10
Tikona Infinet Limited	2,840	5,79,772	–	2,840	5,79,772	2.58
Regen infrastructure and services private limited	1,00,000	701	35.74	10,00,000	701	35.74
RKV enterprise private limited	1,00,000	5,846	24.00	1,00,000	5,846	24.00
Soma enterprises limited	10	8,07,12,081	–	10	8,07,12,081	18.38
LIC housing finance limited	–	–	–	10,00,000	575	570.92
HDFC limited	–	–	–	10,00,000	1,015	1,005.23
			197.28			**2,166.95**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Face value (₹)	Quantity (Nos)	Net Carrying Value	Face value (₹)	Quantity (Nos)	Net Carrying Value
(b) Investment carried at fair value through other comprehensive income						
The south indian bank limited	1,00,000	38,759	400.86	1,00,000	38,759	407.83
ECL finance limited	1,000	15,00,000	159.43	1,000	15,00,000	161.89
U. P. power corporation limited	–	–	–	5,00,000	2,070	159.58
7.00% HDFC limited	–	–	–	10,00,000	390	415.48
8.54% Bajaj finance limited	–	–	–	10,00,000	25	26.75
8.50% LIC housing finance limited	–	–	–	10,00,000	100	107.24
8.05% HDFC limited	–	–	–	10,00,000	25	25.20
Sundaram finance limited	–	–	–	10,00,000	60	61.10
7.93% NTPC limited	–	–	–	10,00,000	40	43.02
7.85% NABARD	–	–	–	10,00,000	50	53.62
National highways authority of India	–	–	–	10,00,000	89	97.04
			560.29			**1,558.76**
(C) INVESTMENTS IN MUTUAL FUNDS						
(a) Investments carried at fair value through profit or loss						
HSBC Liquid Fund - Direct Plan - Growth (formely know as L&T liquid fund - Direct Plan- Growth)	1,000	19,80,025	442.66	1,000	36,52,928	509.71
Mirae Asset Cash Management Fund- Direct Plan - Growth	1,000	2,10,668	50.07	–	–	–
Invesco Liquid Fund - Direct Plan- Growth	1,000	3,24,050	100.14	–	–	–
Axis Liquid Fund - Direct Plan - Growth	1,000	36,35,745	614.66	–	–	–
HSBC Overnight Fund - Direct Plan - Growth (formely know as L&T Overnight fund - Direct Plan - Growth)	1,000	1,364	0.16	1,000	3,615	0.60
Kotak Liquid Fund - Direct Plan - Growth	1,000	17,61,040	800.99	–	–	–
ICICI prudential liquid Fund - Direct Plan - Growth	100	1,17,16,728	390.39	100	47,135	1.49
L&T Money Market Fund Direct Plan - Growth	–	–	–	10	9,32,07,621	207.30
L&T Low Duration Fund Direct Plan - Growth	–	–	–	10	8,74,15,476	208.58
L&T Ultra Short Term Fund Direct Plan - Growth	–	–	–	10	6,87,16,207	250.06
Tata Liquid Fund - Direct Plan - Growth	1,000	9,86,519	350.35	–	–	–
HDFC Liquid Fund - Direct Plan - Growth	1,000	7,91,774	350.22	–	–	–
SBI liquid fund - Direct Plan - Growth	1,000	12,78,544	450.47	–	–	–
Nippon India Overnight Fund - Direct Plan - Growth	1,000	6,36,143	350.32	–	–	–
Aditya birla sun life liquid fund - Direct Plan - Growth	100	1,77,48,428	650.83	–	–	–
UTI - Liquid Cash Plan - Direct Plan - Growth	1,000	5,42,735	200.24	–	–	–
L&T liquid fund direct plan - daily dividend reinvestment plan	–	–	–	1,000	17,276	1.75
			4,751.50			**1,179.49**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Face value (₹)	Quantity (Nos)	Net Carrying Value	Face value (₹)	Quantity (Nos)	Net Carrying Value
(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	–
Ardom telecom private limited	1,00,000	950	63.48	1,00,000	2,150	75.48
3i infotech limited	5	38,96,954	–	5	38,96,954	–
10% SEW vizag coal terminal private limited	10	47,95,256	–	10	47,95,256	–
			63.48			**75.48**
(E) INVESTMENTS IN GOVERNMENT SECURITIES/TREASURY BILLS						
Investment carried at fair value through other comprehensive income						
8.15% Govt Stock	–	–	–	100	5,00,00,000	516.74
6.84% Govt Stock	–	–	–	100	3,00,00,000	311.00
7.35% GOI STOCK	100	2,53,14,000	258.44	–	–	–
7.37% Govt Stock 2023	100	1,65,00,000	170.60	–	–	–
7.16% GOI STOCK 2023	100	1,95,00,000	200.16	–	–	–
6.30% GOI STOCK 2023	100	20,00,000	20.62	–	–	–
7.68% GOI STOCK	100	85,00,000	87.31	–	–	–
8.83% GOI STOCK	100	62,44,400	65.10	–	–	–
7.59% GOI STOCK	100	2,50,00,000	256.84	–	–	–
5.63% GOI STOCK	100	2,10,00,000	206.99	–	–	–
7.27% GOI STOCK	100	40,00,000	41.53	–	–	–
7.70% NHAI Sept 2029	10,00,000	64	66.97	–	–	–
8.27% NHAI Mar 2029	10,00,000	15	15.56	–	–	–
8.36% NHAI May 2029	10,00,000	10	11.07	–	–	–
182 DTB 14-09-23	100	2,50,00,000	77.56	–	–	–
364 DTB 29-06-23	100	1,10,00,000	108.25	–	–	–
364 DTB 06-07-23	100	80,00,000	78.60			
364 DTB 03-08-23	100	1,50,00,000	146.59	–	–	–
182 DTB 04-05-23	100	50,00,000	49.73	–	–	–
7.37% Govt Stock	–	–	–	100	95,00,000	100.85
8.08% Govt Stock	–	–	–	100	75,00,000	77.04
5.87% Govt Stock	–	–	–	100	1,60,00,000	162.17
7.16% Govt Stock	–	–	–	100	95,00,000	100.04
6.30% Govt Stock	–	–	–	100	20,00,000	20.95
364 DTB 14-09-23	100	80,00,000	242.38	–	–	–
182 DTB 06/4/23	100	1	84.91			
182 Day T-Bills	–	–	–	100	35,00,000	34.49
			2,189.20			**1,323.28**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Face value (₹)	Quantity (Nos)	Net Carrying Value	Face value (₹)	Quantity (Nos)	Net Carrying Value
(F) INVESTMENTS IN UNITS OF FUNDS						
(a) Investments carried at fair value through profit or loss						
KKR india debt opportunities fund ii	1,000	1,56,523	0.17	1,000	3,66,954	14.27
KKR india debt opportunities fund iii	–	–	–	1,000	21,226	–
LICHFL urban development fund	10,000	10,000	1.62	10,000	10,000	1.21
LICHFL housing and infrastructure trust	100	26,80,556	26.81	100	15,72,360	15.72
			28.60			**31.20**
(b) Investment carried at fair value through other comprehensive income						
Indinfravit trust	100	1,00,000	0.90	100	1,00,000	0.91
			0.90			**0.91**
(G) INVESTMENT IN PASS THROUGH CERTIFICATES						
(a) Investment carried at fair value through other comprehensive income						
Smith IFMR capital	4	1,20,96,782	3.29	4	1,20,96,782	3.29
Goldstein IFMR capital	43	8,57,170	2.45	43	8,57,170	2.45
Syme IFMR capital	1	1,42,10,515	1.11	1	1,42,10,515	1.11
Moses IFMR capital	1	22,50,000	0.22	1	22,50,000	0.22
			7.07			**7.07**
(H) INVESTMENT IN SECURITY RECEIPTS						
(a) Investments carried at fair value through profit or loss						
Phoenic Trust FY 23-7	990	83,30,000	820.30	–	–	–
Phoenix ARF scheme 9	1	6,612	–	1	6,612	–
Phoenix ARF scheme 11	1	44,208	–	1	44,208	–
Phoenix ARF scheme 13	5	27,404	–	5	27,404	–
Phoenix ARF scheme 14	1,000	34,882	–	1,000	34,882	–
Phoenix trust FY19-6	85	12,49,500	10.62	505	12,49,500	63.10
JM financial asset reconstruction company private limited (Series I - JMFARC-IRIS December 2016 - trust)	1,000	6,885	–	1,000	6,885	–
EARC trust SC - 258 - series I	547	32,30,000	–	547	32,30,000	–
JMFARC LTF June 2017 trust	526	7,78,349	15.11	628	7,78,349	19.00
Suraksha ARC - 024 trust	–	–	–	1,000	10,87,176	108.73
Suraksha ARC - 020 trust	767	8,67,000	50.46	768	8,67,000	50.60
Suraksha ARC - 020 trust (Series - II)	889	1,26,310	7.75	889	1,26,310	7.75
Phoenix trust FY 20-4	257	30,26,000	38.88	257	30,26,000	38.88
Omkara PS10/2019-20 trust	1,000	62,429	–	1,000	1,32,605	3.17
EARC trust SC 367	780	1,17,30,000	773.04	904	1,17,30,000	1,056.66

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Face value (₹)	Quantity (Nos)	Net Carrying Value	Face value (₹)	Quantity (Nos)	Net Carrying Value
ARCIL-CPS-062-I-trust	942	51,85,000	366.17	1,000	51,85,000	388.05
Suraksha ARC - 037 trust	1,000	11,07,125	109.47	1,000	11,07,125	109.47
Phoenix trust FY 14-9	931	11,08,935	–	931	11,08,935	–
EARC trust - SC 105	768	11,90,000	–	812	11,90,000	14.50
EARC trust - SC 132	1	8,500	–	903	8,500	0.77
JM financials (JMFARC) series	526	26,21,651	52.83	681	26,21,651	66.44
ARCIL-AST-065-I-trust	–	–	–	1	19,55,000	–
ARCIL-CPS-I-trust	744	58,05,500	431.95	977	58,05,500	567.20
Arcil-AST- IX trust	986	76,58,500	755.20	986	76,58,500	755.20
CFMARC trust 67	1,000	5,93,691	29.92	1,000	6,58,291	36.38
CFMARC trust 73	1,000	22,29,040	210.92	1,000	22,76,266	215.65
CFMARC trust 74	1,000	10,92,896	101.39	1,000	10,98,795	101.98
CFMARC trust 76	1,000	5,76,334	54.55	1,000	5,85,429	55.46
CFMARC TRUST - 104	1,000	6,50,250	65.02	–	–	–
CFMARC TRUST - 103	1,000	5,48,250	54.83	–	–	–
Pegasus Group Thirty Eight Trust 1	824	3,28,729	15.46	929	3,28,729	18.92
ARCIL-CPS-III TRUST	1,000	59,67,000	591.74	–	–	–
ARCIL-CPS-65-I-Trust	1,000	7,66,70,000	920.81	–	–	–
ACRE 109 TRUST	819	7,82,000	57.68	970	7,82,000	75.84
Phoenic Trust FY 22-7	751	31,53,500	162.45	807	31,53,500	213.86
Phoenix Trust-FY22-16	921	95,20,000	624.48	1,000	95,20,000	918.64
			6,321.05			**4,886.25**
Total investments (A)			**14,373.27**			**11,924.01**
(i) Investments outside India			–			–
(ii) Investments in India			14,373.27			11,924.01
Total Investments (B)			**14,373.27**			**11,924.01**
Less: Allowance for Impairment loss (C)			7.07			7.07
Net total investment (D)= (A)-(C)			**14,366.20**			**11,916.94**

8 Other financials assets

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	50.21	48.41
Margin money deposits	11.40	7.80
Other receivables	28.69	37.10
Total	**90.30**	**93.31**

Notes forming part of consolidated financial statements

9 Investment Properties

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount		
Opening gross carrying amount	360.30	360.28
Add: Additions during the year	0.03	0.02
Less: Deductions during the year	(10.87)	–
Closing gross carrying amount	**349.46**	**360.30**
Accumulated depreciation and impairment		
Opening accumulated depreciation	36.12	33.02
Add: Depreciation and impairment	1.85	3.10
Closing accumulated depreciation	**37.97**	**36.12**
Net carrying amount	**311.49**	**324.18**

10 Property, plant and equipment

(₹ in crore)

Particulars	Gross carrying amount*					Accumulated depreciation*					Net carrying amount	
	As at April 01, 2022	Additions	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at April 01, 2022	For the Year	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Tangible												
Land :												
Freehold	–	–	–	–	–	–	–	–	–	–	–	–
Buildings :												
Owned**	0.38	–	–	–	0.38	0.05	0.01	–	–	0.06	0.32	0.33
Leasehold Improvements	0.71	–	–	–	0.71	0.52	–	–	–	0.52	0.19	0.19
Leasehold renovation												
Owned	8.66	2.91	0.88	–	10.69	7.09	0.85	0.88	–	7.06	3.63	1.57
Leased out	–	–	–	–	–	–	–	–	–	–	–	–
Electrical & Installation												
Owned	15.95	10.81	–	–	26.75	15.44	2.55	–	–	18.00	8.75	0.51
Leased out	–	–	–	–	–	–	–	–	–	–	–	–
Plant and equipments												
Owned	0.44	–	–	–	0.44	0.15	0.03	–	–	0.18	0.26	0.29
Leased out	2.80	–	–	–	2.80	2.16	–	–	–	2.16	0.64	0.64
Computers												
Owned	40.51	4.75	0.33	–	44.93	35.38	2.22	0.30	–	37.30	7.63	5.13
Leased out	–	–	–	–	–	–	–	–	–	–	–	–
Furniture and fixtures												
Owned	16.59	4.57	0.29	–	20.87	10.53	1.28	0.20	–	11.61	9.26	6.05
Leased out	4.74	–	–	–	4.74	4.06	–	–	–	4.06	0.68	0.68

Notes forming part of consolidated financial statements

Particulars	Gross carrying amount*					Accumulated depreciation*					Net carrying amount		
	As at April 01, 2022	Additions	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at April 01, 2022	For the Year	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Office equipments												
Owned	18.21	16.01	0.26	–	33.96	13.16	4.99	0.25	–	17.90	16.06	5.04
Leased out	0.01	–	–	–	0.01	–	–	–	–	–	0.01	0.01
Vehicles												
Owned	5.45	8.91	0.68	–	13.68	2.19	2.32	0.43	–	4.08	9.60	3.26
Leased out	0.93	–	0.71	–	0.22	0.65	0.02	0.51	–	0.16	0.06	0.28
	115.38	**47.96**	**3.15**	**–**	**160.18**	**91.38**	**14.27**	**2.57**	**–**	**103.09**	**57.09**	**23.98**
Previous year	114.44	8.31	6.18	(1.19)	115.37	83.04	14.36 #	5.23	(0.76)	91.39	23.98	31.40

* The Company has not revalued its property, plant and equipment during the year and hence there is no movement for revaluation shown separately.

**The tittle deed of the immovable property acquired under the scheme of amalgamation, is held in the name of erstwhile subsidiary which was merged with one of the subsidiary with effect from 01 April, 2016, also the title deed holder is not a promoter, director or related party.

includes ₹ 0.22 crores associated with group classified as held for sale.

Intangible assets :

(₹ in crore)

Particulars	Gross carrying amount*					Accumulated amortisation*					Net carrying amount*	
	As at April 01, 2022	Additions	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at April 01, 2022	For the Year	Deductions / Adjustments	Reclassified as held for sale	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Specialised softwares	315.00	80.58	–	–	395.58	198.98	81.23	–	–	280.21	115.37	116.02
	315.00	**80.58**	**–**	**–**	**395.58**	**198.98**	**81.23**	**–**	**–**	**280.21**	**115.37**	**116.02**
Previous year	253.34	73.07	0.01	(11.40)	315.00	140.49	67.71 #	–	(9.22)	198.98	116.02	112.85
Add: Intangible assets under development											4.81	21.81
											120.18	**137.83**

* The Company has not revalued its intangible assets during the year and hence there is no movement for revaluation shown separately.

includes ₹ 0.85 crores associated with group classified as held for sale.

Intangible assets under development ageing as on March 31, 2023 :

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.69	0.12	–	–	4.81
Projects temporarily suspended	–	–	–	–	–

Intangible assets under development ageing as on March 31, 2022 :

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Projects in progress	21.81	–	–	–	21.81
Projects temporarily suspended	–	–	–	–	–

Notes forming part of consolidated financial statements

11 Right of use asset

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	31.23	33.68
Add: additions during the year	39.68	20.17
Less: depreciation during the year	(13.89)	(18.54)
Less: right of use asset derecognised	(1.85)	(4.08)
Closing balance	**55.17**	**31.23**

12 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	38.78	26.65
Property, plant and equipment held for sale	1.15	1.15
Gratuity asset (Refer Note 37)	–	0.21
Capital advances	2.10	0.92
Amount paid under protest	52.76	52.72
Statutory dues recoverable	0.56	3.37
Assets acquired in settlement of claims	465.97	569.68
Others	27.74	27.98
Total	**589.06**	**682.68**

13 Payables

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables (Refer note below)		
Micro and small enterprises	0.15	0.19
Due to others	782.76	386.61
Due to related parties (Refer note 39)	23.48	45.81
Sub total	**806.39**	**432.61**
Other payables		
Due to others	–	6.49
Due to related parties	–	–
Sub total	**–**	**6.49**
Total	**806.39**	**439.10**

Notes forming part of consolidated financial statements

13a Ageing of Trade Payables (₹ in crore)

Particulars	Outstanding as on March 31, 2023 *						
	Unbilled dues	Bill Raised but not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
– MSME	–	–	0.15	–	–	–	0.15
– Others	762.04	0.34	43.86	–	–	–	806.24
Disputed							
– MSME	–	–	–	–	–	–	–
– Others	–	–	–	–	–	–	–
Total Trade Payable	**762.04**	**0.34**	**44.01**	**–**	**–**	**–**	**806.39**

Ageing of Trade Payables (₹ in crore)

Particulars	Outstanding as on March 31, 2022 *						
	Unbilled dues	Bill Raised but not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Undisputed							
– MSME	–	–	0.19	–	–	–	0.19
– Others	352.52	–	79.90	–	–	–	432.42
Disputed							
– MSME	–	–	–	–	–	–	–
– Others	–	–	–	–	–	–	–
Total Trade Payable	352.52	–	80.09	–	–	–	432.61

* The above ageing is prepared on the basis of date of the transaction.

14 Debt securities (₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At Amortised cost *		
– Commercial paper (net)	7,426.45	6,338.01
– Non convertible debentures	28,678.93	35,856.09
Total	**36,105.38**	**42,194.10**
(B) (a) Debt securities in India		
(i) At Amortised cost	36,105.38	42,194.10
Total	**36,105.38**	**42,194.10**
(b) Debt securities outside India		
(i) At Amortised cost	–	–
Total	**–**	**–**
(C) At Amortised cost		
– Secured	28,678.93	35,856.09
– Unsecured	7,426.45	6,338.01
Total	**36,105.38**	**42,194.10**

* All the borrowings are utlised for the purpose for which there were borrowed.

Notes forming part of consolidated financial statements

15 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At Amortised Cost		
(a) Term Loans		
From banks / financial institutions	26,317.04	18,746.60
(b) Loan repayable on demand		
From banks	15,520.56	16,456.21
(c) External commercial borrowings	1,802.52	4,121.00
(d) Collateralized borrowing and lending obligation	499.47	–
Total	**44,139.59**	**39,323.81**
(B) (a) Borrowings (other than debt securities) in India		
(i) At Amortised cost	42,337.07	35,202.81
Total	**42,337.07**	**35,202.81**
(b) Borrowings (other than debt securities) outside India		
(i) At Amortised cost	1,802.52	4,121.00
Total	**1,802.52**	**4,121.00**
Total (a+b)	**44,139.59**	**39,323.81**

16 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) At amortised cost		
Perpetual debt instruments to the extent that do not qualify as equity	404.80	404.39
Preference shares other than those that qualify as equity	–	385.73
Subordinate debt instruments	2,393.68	2,893.20
Total	**2,798.48**	**3,683.32**
(B) (a) Subordinated liabilities in India		
(i) At amortised cost	2,798.48	3,683.32
Subtotal	**2,798.48**	**3,683.32**
(b) Subordinated liabilities outside India		
(i) At amortised cost	–	–
Subtotal	–	–
Total	**2,798.48**	**3,683.32**
(C) At Amortised cost		
– Unsecured	2,798.48	3,683.32
TOTAL	**2,798.48**	**3,683.32**

Notes forming part of consolidated financial statements

17 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	10.76	10.08
Liabilities for expenses	279.31	204.74
Short term obligation	11.47	9.62
Unclaimed infrastructure bonds	181.20	367.46
Unclaimed dividend on equity shares	1.17	1.34
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.94
Other payables	59.55	78.10
Total	**544.24**	**672.28**

18 Provisions

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	20.38	18.59
Super annuation fund	0.29	0.81
Gratuity (Refer note 37)	12.03	8.75
Total	**32.70**	**28.15**

19 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable	56.56	56.13
Total	**56.56**	**56.13**

20 Equity share capital

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04

Notes forming part of consolidated financial statements

(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, if any 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, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	**2,47,40,35,488**	**2,474.04**	**2,46,94,45,704**	**2,469.45**
Issued during the year				
– Against employee stock option	56,35,629	5.63	45,89,784	4.59
Outstanding at the end of the year	**2,47,96,71,117**	**2,479.67**	**2,47,40,35,488**	**2,474.04**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,63,92,29,920	1,639.23	1,63,92,29,920	1,639.23
	1,63,92,29,920	**1,639.23**	**1,63,92,29,920**	**1,639.23**

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

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,63,92,29,920	66.11%	1,63,92,29,920	66.26%

(VI) Details of shares held by promoters in the company as at March 31, 2023

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,29,920**	**66.11%**	**(0.15%)**

(VII) Details of shares held by promoters in the company as at March 31, 2022

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,29,920**	**66.26%**	**2.64%**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	2,81,02,494	28.10	4,11,06,290	41.11
	2,81,02,494	**28.10**	**4,11,06,290**	**41.11**

Notes forming part of consolidated financial statements

(IX) 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, 2023, the Company has paid the final dividend of ₹ 0.50 per equity share for the year ended March 31, 2022 amounting to ₹ 123.75 crore. (PY 2021-22 - ₹ Nil).

(X) 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 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.
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 w.e.f. July 10,2019 ₹ 10 respectively.
4. During the year ended March 31, 2023, 1,96,500 and 54,39,129 options were allotted under the scheme 2010 and 2013 respectively.
5. The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2022-23	2021-22	2022-23	2021-22
Options granted and outstanding at the beginning of the year	9,48,250	19,28,500	4,01,58,040	3,98,32,101
Options granted during the year	–	–	8,21,880	1,07,89,685
Options cancelled/ lapsed during the year	1,88,000	6,63,250	80,02,047	61,90,962
Options exercised during the year	1,96,500	3,17,000	54,39,129	42,72,784
Options granted and outstanding at the end of the year of which:				
– Options vested	4,85,000	7,19,000	1,83,45,892	2,16,22,255
– Options yet to vest	78,750	2,29,250	91,92,852	1,85,35,785
Weighted average remaining contractual life of options (in years)	2.81	3.56	4.78	5.64

Notes forming part of consolidated financial statements

6. During the year, the Group has debited to the Statement of Profit and Loss ₹ 25.65 crore (Previous year ₹ 24.18 crore) towards the stock options granted to their employees, pursuant to the employee stock option schemes including cost pertaining to discontinued operations.
7. Weighted average fair values of options granted during the year is ₹ 69.48 (Previous year: ₹ 72.69) per options.
8. 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	2022-23	2021-22
Weighted average risk-free interest rate	6.65%	4.59%
Weighted average expected life of options	2.75 years	2.68 years
Weighted average expected volatility	39.16%	39.50%
Weighted average expected dividend over the life of the options	2.66 per option	₹ 2.60 per option
Weighted average share price	79.87 per option	₹ 83.71 per option
Weighted average exercise price	10 per option	₹ 10 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, 2023	As at March 31, 2022
Securities premium account[1]	7,802.07	7751.62
General reserve[2]	478.16	452.62
Debenture redemption reserve[3]	1.14	5.15
Capital redemption reserve	68.85	33.10
Capital reserve on consolidation	492.36	492.36
Reserve u/s 36 (1)(viii) of Income tax Act 1961[4]	1,031.28	962.28
Reserve u/s 45-IC of Reserve Bank of India Act, 1934[5]	2,680.45	2,166.11
Reserve u/s 29C of National Housing Bank Act 1987[6]	27.43	27.43
Employee stock option outstanding account[7]	141.03	182.70
Retained earnings [8]	6,299.30	5,423.10
Impairment reserve [9]	32.39	28.36
Other comprehensive income		
– Fair value changes of financial instrument measured at fair value through OCI	(7.53)	8.95
– Effective portion of cash flow hedge	1.77	(60.12)
Total	19,048.70	**17,473.66**

Notes forming part of consolidated financial statements

Notes:

1. **Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.
2. **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-convertible 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.

Notes forming part of consolidated financial statements

22 Interest income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at:		
(i) Amortised cost		
Interest on loans	9,360.35	8,772.10
Interest on deposits with bank	174.76	141.75
Other interest income	0.17	0.09
(ii) Fair value through profit or loss		
Interest on loans	2,838.58	2,627.79
Interest income from investments	21.42	6.36
(iii) Fair value through other comprehensive income		
Income from other investments	169.83	156.08
Total	**12,565.11**	**11,704.17**

23 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income on investments	0.08	0.18
Total	**0.08**	**0.18**

24 Rental income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Lease rental income	3.48	7.92
Total	**3.48**	**7.92**

25 Fees and commission Income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Consultancy and financial advisory fee	3.05	11.70
Other financial activities	155.10	198.51
Total	**158.15**	**210.21**

26 Net gain/(loss) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss		
On trading portfolio		
– Investments	16.06	7.24
– Loans	32.06	(0.02)
Total	**48.13**	**7.22**

Notes forming part of consolidated financial statements

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(B) Fair value changes:		
– Realised	(0.14)	8.37
– Unrealised	48.27	(1.15)
Total	**48.13**	**7.22**

27 Other income

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Income from cross sell	522.34	373.86
Net gain on derecognition of property, plant and equipment	2.97	–
Other income	1.44	19.99
Total	**526.75**	**393.85**

28 Finance costs

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial liabilities measured at amortised cost		
Interest on borrowings	2,444.25	1,899.92
Interest on debt securities	2,995.38	3,431.63
Interest on subordinated liabilities	317.65	396.18
Other interest expenses	39.96	26.06
Total	**5,797.24**	**5,753.79**

29 Net loss/(gain) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
(A) Net loss/(gain) on financial instruments classified at fair value through profit or loss -On trading portfolio		
Fair value changes on investments	1,175.64	272.26
Fair value changes on loans	(1,285.41)	348.10
Loss/(gain) on sale of investment	(60.45)	1.14
Loss/(gain) on sale of loan assets	775.86	(0.77)
(B) Net loss/(gain) on disposal of financial instruments classified at fair value through other comprehensive income		
Derivative financial instruments	(3.91)	0.85
Loss on sale of investment	18.81	467.53
Total	**620.54**	**1,089.11**

Notes forming part of consolidated financial statements

30 Net loss/(gain) on derecognition of financial instruments under amortised cost category

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Loss on foreclosure and writeoff of loan (net off of recoveries for write off)	1,859.06	3,836.45
Less: Provision held reversed on derecognition of financial instruments	(1,499.37)	(3,551.44)
Total	**359.69**	**285.01**

31 Impairment on financial instruments

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
On financial instruments measured at fair value through other comprehensive income:		
Investments	–	(394.77)
On financial instruments measured at amortised cost:		
Loans	1,559.46	2,099.74
Trade receivables	0.72	4.20
Total	**1,560.18**	**1,709.17**

32 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries	1,256.81	963.22
Contribution provident, ESIC and superannuation fund	47.52	39.58
Contribution to gratuity fund (Refer note 37)	10.73	9.56
Share based payments to employees (Refer note 20 (X)(6))	26.57	20.11
Staff welfare expenses	64.30	62.37
Total	**1,405.93**	**1,094.84**

33 Depreciation, amortisation and impairment

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation (Refer note 10)	14.27	14.14
Depreciation and impairment of investment property (Refer note 9)	1.85	3.10
Amortisation on right of use asset (Refer note 11)	13.89	18.54
Amortisation on other intangible assets (Refer note 10)	81.23	66.86
Total	**111.24**	**102.64**

Notes forming part of consolidated financial statements

34 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent	24.74	14.91
Rates and taxes	3.26	3.41
Repairs and maintenance	56.29	71.81
Communication expenses	6.60	7.49
Director's sitting fees	1.13	1.44
Non executive directors remuneration	2.83	2.82
Auditor's fees and expenses (Refer note below)	2.45	2.08
Legal and professional charges	600.33	398.38
Insurance	3.51	3.97
Travelling and conveyance	39.01	21.78
Advertisement and publicity	60.20	3.10
Printing and stationery	10.33	6.15
Stamping charges	0.82	0.76
Electricity charges	6.13	6.49
Bank charges	14.43	11.22
Filling fees	–	0.08
Brand license fee	23.31	45.57
Membership and subscription fees	0.06	0.06
Collection charges	422.04	437.55
Loan processing charges	10.54	8.42
Listing and custodian charges	0.97	0.33
Loss on sale of property, plant and equipment	–	0.03
Corporate social responsibility expenses	19.62	10.36
Miscellaneous expenses	7.63	7.93
Total	**1,316.23**	**1,066.14**

Notes forming part of consolidated financial statements

Auditor's fees and expenses: (₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Statutory audit fees	0.81	0.80
Limited review fees	0.78	0.86
Tax audit fees	0.12	0.13
Certification fees	0.50	0.09
Expenses reimbursed and others	0.24	0.20
Total	**2.45**	**2.08**

35 Tax expense

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	626.32	210.89
Deferred tax charge/(reversal) (Refer note 43)	(453.95)	162.73
Total	**172.37**	**373.62**

36 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, 2023		As at March 31, 2022	
			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 Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	India	100%	100%	100%	100%
3	L&T Investment Management Limited (Refer Note 42)	India	–	–	100%	100%
4	L&T Financial Consultants Limited	India	100%	100%	100%	100%
5	L&T Infra Investment Partners Advisory Private Limited	India	100%	100%	100%	100%
6	L&T Infra Investment Partners Trustee Private Limited	India	100%	100%	100%	100%
7	L&T Mutual Fund Trustee Limited	India	100%	100%	100%	100%
8	Mudit Cements Private Limited	India	100%	100%	100%	100%
9	L&T Infra Investment Partners	India	54.92%	54.92%	54.92%	54.92%

Notes forming part of consolidated financial statements

37 Disclosure pursuant to Ind AS 19 "Employee benefits"

(i) Defined contribution plans

The Group recognised charges of ₹ 47.52 crores (Previous year: ₹ 39.58 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, 2023	Gratuity Plan As at March 31, 2022
A)	Present value of defined benefit obligation		
	– Wholly funded	47.91	47.74
	– Wholly unfunded	0.50	0.99
		48.41	48.73
	Less : Fair value of plan assets	(36.38)	(38.43)
	Add : Amount not recognised as an asset (limit in para 64(b) of IndAS 19)	–	–
	Amount to be recognised as liability or (asset)	**12.03**	**10.30**
B)	Amounts reflected in Balance Sheet		
	Liabilities *	12.03	10.51
	Assets	–	(0.21)
	Net liability/(asset)	**12.03**	**10.30**

* includes ₹ Nil crores (Previous year: ₹ 1.76 crores) 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, 2023	Gratuity Plan As at March 31, 2022
1	Current service cost	11.31	10.32
2	Interest cost (net of interest income on plan asset)	0.46	0.76
3	Interest on plan assets	–	–
4	Actuarial losses/(gains) - others	(0.40)	(0.77)
5	Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	0.92	(0.50)
	Total	**12.29**	**9.81**
i	Amount included in "employee benefits expenses"	10.73	9.56
ii	Amount included in as part of "finance cost'	0.40	0.58
iii	Amount included as part of "other comprehensive income"	1.22	(1.27)
iv	Amount pertaining to discontinued operations	(0.06)	0.94
	Total	**12.29**	**9.81**

Notes forming part of consolidated financial statements

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance:

(₹ in crore)

Particulars	Gratuity Plan As at March 31, 2023	Gratuity Plan As at March 31, 2022
Opening balance of the present value of defined benefit obligation	48.73	40.96
Add : Current service cost	11.31	10.32
Add : Interest cost	2.50	1.88
Add : Acturial losses/(gains)		
i) Acturial (gains)/losses arising from changes in financial assumptions	(3.64)	(2.85)
ii) Acturial (gains)/losses arising from changes in demographic assumptions	–	–
ii) Acturial (gains)/losses arising from changes in experience adjustments	3.24	2.08
Less : Benefits paid	(6.41)	(3.96)
Less : Amount pertaining to discontinued operations	(7.31)	–
Add : Past service cost	–	–
Add/(Less) : Liability assumed/(settled)*	(0.01)	0.30
Closing balance of the present value of defined benefit obligation**	**48.41**	**48.73**

*On account of business combination or intra group transfer

** includes ₹ Nil crores (Previous year: ₹ 7.09 crores) liabilities associated with group classified as held for sale

(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, 2023	Gratuity Plan As at March 31, 2022
Opening balance of the fair value of the plan assets	38.43	27.48
Add : Interest income of plan assets	2.04	1.12
Add/(less) : Acturial gains/(losses)	(0.92)	0.50
Add : Contribution by the employer	10.86	13.29
Less : Benefits paid	(6.41)	(3.96)
Less : Amount pertaining to discontinued operations	(7.62)	–
Closing balance of plan assets*	**36.38**	**38.43**

*includes ₹ Nil crores (Previous year: ₹ 5.33 crores) assets associated with group classified as held for sale

Notes forming part of consolidated financial statements

e) **Movement in asset ceiling:**

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2023	As at March 31, 2022
Opening value of asset ceiling	–	–
Interest on opening balance of asset ceiling	–	–
Remeasurement due to changes in surplus/deficit	–	–
Closing value of asset ceiling	**–**	**–**

f) **The fair value of major categories of plan assets:**

(₹ in crore)

Particulars		Gratuity Plan	
		As at March 31, 2023	As at March 31, 2022
1	Government of India securities	1.31	1.38
2	Insurer managed funds (unquoted)	27.98	30.18
3	Others (quoted)	1.08	1.55
4	Others (unquoted)	6.01	5.32
		36.38	**38.43**

g) **Principal acturial assumptions at the valuation date:**

S. No.	Particulars	Gratuity Plan	
		As at March 31, 2023	As at March 31, 2022
(i)	Discount rate (per annum)	7.25% to 7.50%	5.20% to 7.35%
(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 33% (previous year: 0% to 33%) for various age groups.

(vi) **Mortality:**

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

Notes forming part of consolidated financial statements

(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	
		2022-23	2021-22	2022-23	2021-22
1	Impact of change in discount rate	(1.91)	(2.29)	2.52	2.22
2	Impact of change in salary escalation rate	2.46	2.41	(1.90)	(2.25)

(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, 2023	As at March 31, 2022
A)	Present value of defined benefit obligations		
	– Wholly funded	15.45	15.15
	– Wholly unfunded	–	–
		15.45	15.15
	Assets acquired on acquisition	–	–
	Less: Fair value of plan assets	(15.80)	(16.30)
	Amount to be recognised as liability or (assets)	**(0.35)**	**(1.15)**
B)	Amount reflected in Balance sheet		
	Liabilities	(0.35)	(1.15)
	Assets	–	–
	Net liability/(assets)	**(0.35)**	**(1.15)**

Notes forming part of consolidated financial statements

(b) The amounts recognised in the Statement of Profit and Loss:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	–	–
Interest cost	1.20	1.20
Expected return on plan assets	(1.20)	(1.20)
Acturial gain/(losses)	(0.80)	0.58
Acturial losses/(gain) not recognised in books (limit in para 64(b) of Ind AS 19)	0.80	(0.58)
Total	**–**	**–**
Amount included in "Employee benefits expenses"	–	–
Amount included in as part of "Finance cost'	–	–
Amount included as part of "Other comprehensive income"	–	–
Total	**–**	**–**

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance of the present value of defined benefit obligation	15.15	14.60
Add: Assets acquired on acquisition	–	–
Add: Current service cost	–	–
Add: Interest cost	1.20	1.20
Less: Benefits paid	(0.87)	(1.76)
Add: Contribution by the employer	–	0.77
Add: Liability assumed/(settled)	(0.03)	0.34
Closing balance of the present value of defined benefit obligation	**15.45**	**15.15**

Notes forming part of consolidated financial statements

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening fair value of the plan assets	16.30	15.95
Add: Assets acquired on acquisition	–	–
Add: Interest income of plan assets	1.20	1.20
Add/(less): Acturial gains/(losses)	(0.80)	0.58
Add: Contribution by the employer	–	–
Add/(less): Contribution by plan participants	–	–
Less: Benefits paid	(0.87)	(1.76)
Add: Assets acquired/(settled)	(0.03)	0.34
Closing fair value of the plan assets	**15.80**	**16.30**

(e) The fair value of major categories of plan assets:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2023	Year ended March 31, 2022
Government of india securities	7.17	7.38
Corporate bonds	5.09	4.97
Special deposit scheme	0.46	0.54
Public sector unit bond	1.02	1.69
Others (unquoted)	2.06	1.72
Total	**15.80**	**16.30**

(f) Principal actuarial assumptions at the valuation date:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate for the term of the obligation	7.46%	7.05%
Average historic yield on the investment portfolio	8.35%	8.64%
Discount rate for the remaining term to maturity of the investment portfolio	7.40%	6.85%
Future derived return on assets	8.41%	8.84%
Guaranteed rate of return	8.15%	8.10%

Notes forming part of consolidated financial statements

(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 Regional Provident Fund Commissioner has not yet declared the interest rate for its own subscribers for the current financial year 2022-2023.

However, in view of the fall in equity values as at 31 March 2023 and fall in the returns on fixed income instruments, we are of the view that going forward the future guaranteed rate is unlikely to be in excess of 8.15% p.a.

(g) 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 favourable 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.

38 Disclosure pursuant to Ind AS 108 "Operating Segment"

The Board of Directors and the Managing Director of the Company together constitute the Chief Operating Decision Makers ("CODM") which allocate resources to and assess the performance of the segments of the Company.

The Group has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Retail, wholesale, Defocused and Other businesses. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment, Tax assets and liabilities are disclosed as unallocated. The composition of the reportable segments is as follows:

Notes forming part of consolidated financial statements

1) Retail Finance comprises of Farmer Finance (Farm Equipment Finance and Agri Allied Finance), Rural Business Finance (Micro Finance Loans and Rural Business loans), Urban Finance (Two wheeler Finance, Consumer Loans, Retail Housing Loans and Loans against Property), SME Loans and Retail Portfolio Acquisitions.
2) Wholesale finance comprises of Real Estate Finance and Infrastructure finance.
3) Defocused Business comprises of Structured Corporate Loans, Debt Capital Market and other discontinued products.
4) Others comprises of Asset Management, etc.
5) Unallocated represents tax assets and tax liabilities.

The Group has changed its composition of reportable segments to Retail Finance and Wholesale finance from Rural Finance, Housing Finance and Infrastructure Finance effective from April 1, 2022. Consequently, the Group has restated the corresponding items of segment information for previous year to make them comparable with those of current year.

(a) Information about reportable segment

(₹ in crore)

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
I	**Gross segment revenue**		
(a)	Retail business	8,683.12	6,764.79
(b)	Wholesale business	3,947.64	4,807.72
(c)	Defocused business	124.06	213.99
(d)	Others	646.69	892.65
	Total	**13,401.51**	**12,679.15**
	Less: Revenue of discontinued operations (Refer Note 42)	(229.55)	(390.68)
(e)	Less: Inter segment revenue	(397.01)	(358.77)
	Segment revenue from continuing operations	**12,774.95**	**11,929.70**
II	**Segment results**		
(a)	Retail business	1,860.42	991.90
(b)	Wholesale business	446.81	413.46
(c)	Defocused business	(237.79)	(302.54)
(d)	Others	2,800.55	371.99
	Segment result before exceptional items	**4,869.99**	**1,474.81**
	Less: Exceptional items (refer note 54)	(2,687.17)	–
	Segment result after exceptional items	**2,182.82**	**1,474.81**
	Less: Revenue of discontinued operations (Refer Note 42)	(2,739.34)	(251.96)
	Profit / (Loss) before tax from continuing operations (including exceptional items)	**(556.52)**	**1,222.85**

Notes forming part of consolidated financial statements

(₹ in crore)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
III	**Segment assets**		
(a)	Retail business	72,007.26	47,511.61
(b)	Wholesale business	29,480.53	52,873.30
(c)	Defocused business	1,984.01	2,436.75
(d)	Others *	14,455.11	12,830.99
	Sub Total	**1,17,926.91**	**1,15,652.65**
(e)	Less: Inter segment assets	(14,103.14)	(10,906.45)
	Segment assets	**1,03,823.77**	**1,04,746.20**
(f)	Unallocated	2,538.37	2,155.98
	Total assets	**1,06,362.14**	**1,06,902.18**
IV	**Segment liabilities ****		
(a)	Retail business	60,292.04	40,113.33
(b)	Wholesale business	24,905.92	45,176.49
(c)	Defocused business	1,661.18	2,057.14
(d)	Others *	104.83	428.06
	Sub Total	**86,963.97**	**87,775.02**
(e)	Less: Inter segment liabilities	(2,329.74)	(1,082.04)
	Segment liabilities	**84,634.23**	**86,692.98**
(f)	Unallocated	199.54	261.50
	Total liabilities	**84,833.77**	**86,954.48**

* Includes group of assets and liabilities classified as held for sale

** Including non controlling interest

(b) Geographical Information

The Group operates primarily within India and therefore there is no separate reportable geographic segment.

(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 consolidated financial statements

39 Disclosure pursuant to Ind AS 24 " Related Party Disclosures"

(a) List of related parties (with whom transactions were carried out during current or previous year)

S. No	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	Fellow Subsidiary Company
3	L&T Technology Services Limited	Fellow Subsidiary Company
4	Larsen & Toubro Electromech LLC	Fellow Subsidiary Company
5	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary Company
S. No	**Key management personnel**	
1	Mr S. N. Subrahmanyan	Non-executive chairman
2	Mr. R. Shankar Raman	Non-executive director
3	Mr Dinanath Dubhashi	Managing Director and Chief Executive Officer
4	Mr. S. V. Haribhakti	Independent director
5	Mr. Prabhakar B. (upto July 11, 2022)	Non-executive director
6	Dr. Rajani R Gupte	Independent director
7	Mr. P. V. Bhide	Independent director
8	Mr. Thomas Mathew T.	Independent director
9	Ms. Nishi Vasudeva (upto June 14, 2022)	Independent director
10	Mr. Pavninder Singh	Nominee director

(b) Disclosure of related party transactions :

(₹ in crore)

S. No	Nature of transaction*	Year ended March 31, 2023	Year ended March 31, 2022
1	**Brand license fees to**		
	Larsen & Toubro Limited	21.44	44.01
2	**Reimbursement of expenses paid to / (recovered from)**		
	Larsen & Toubro Limited (net)	(0.86)	(1.12)
3	**Interest expense on interest corporate borrowing / NCD**		
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	5.80	–
	Larsen & Toubro Limited	71.23	128.33
	L&T Technology Services Limited	7.97	–
4	**Professional fees to**		
	Larsen & Toubro Limited	5.65	5.90
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	1.78	1.09
5	**Purchase of consumables / materials from**		
	Larsen & Toubro Limited	1.91	–

* Transactions shown above are excluding of GST, if any.

Notes forming part of consolidated financial statements

(c) Remuneration to key management personnel ***

(₹ in crore)

S. No.	Name of key management personnel	FY 2022-23		FY 2021-22	
		Short-Term employee benefits	Other Long term benefits	Short-Term employee benefits	Other Long term benefits
1	Mr. Dinanath Dubhashi	13.03	–	12.25	–
2	Mr. S. V. Haribhakti	0.40	–	0.71	–
3	Mr. Prabhakar B.	0.06	–	0.21	–
4	Dr. Rajani R. Gupte	0.56	–	0.55	–
5	Mr. P. V. Bhide	0.57	–	0.60	–
6	Mr. Thomas Mathew T.	0.68	–	0.68	–
7	Ms. Nishi Vasudeva	0.54	–	0.65	–
8	Mr. Pavninder Singh	0.19	–	0.26	–

*** 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, 2023	As at March 31, 2022
1	**Non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	955.38	1,025.38
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	69.60	–
	L&T Technology Services Limited	25.00	–
2	**Interest accrued on non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	38.78	39.66
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	2.43	–
	L&T Technology Services Limited	0.10	–
3	**Trade and other payable**		
	Larsen & Toubro Electromech LLC	0.01	0.01
	Larsen & Toubro Limited *	23.35	46.57
	L&T Hydrocarbon Engineering Limited	0.02	0.02
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)*	0.10	0.16
4	**Trade and other receivable**		
	Larsen & Toubro Limited **	2.81	1.70

* includes ₹ Nil crore (Previous year : ₹ 0.95 crore) payable disclosed in group of liabilities classified as held for sale.
** includes ₹ Nil crore (Previous year : ₹ 0.20 crore) receivable disclosed in group of assets classified as held for sale.

40 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 - Leases

I) Group as lessee

a) Operating lease

1 Rights to use assets:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	31.23	33.68
Add: Additions during the year	39.68	21.60
Less: Depreciation during the year	(13.89)	(18.54)
Less: Right of use asset derecognised	(1.85)	(5.51)
Closing balance	**55.17**	**31.23**

2 Lease liability:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	35.53	35.80
Add: Additions during the year	39.68	21.60
Add: Interest accrued during the year	2.82	5.67
Less: Interest paid during the year	(2.82)	(5.67)
Less: Principal repayment during the year	(13.76)	(19.82)
Less : Lease liability derecognised	–	(0.42)
Less: Lease liability disclosed in group of liabilities classified as held for sale	–	(1.63)
Closing balance	**61.45**	**35.53**

3 Low value leases/short term leases

Expenses recogonised

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
– Low value assets (net)	4.94	4.46
– Short term leases	19.80	10.45

Actual cashflow

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
– Low value assets	4.94	4.46
– Short term leases	19.80	10.45

Notes forming part of consolidated financial statements

b) Finance Lease : Not applicable

II) Group as Lessor

a) Finance Lease

i) The Group has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and noncancellable and a secondary period. There are no exceptional/ restrictive covenants in the lease agreement. There are no significant risks associated with rights that the Group retains in underlying assets.

ii) Maturity analysis of minimum undiscounted lease receivables and the present value of minimum lease payments receivable is as under:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Receivable not later than 1 year	0.01	4.85
Receivable later than 1 year but not later than 2 year	–	0.01
Receivable later than 2 year but not later than 3 year	–	–
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	–	–
Gross investment in lease	0.01	4.86
Less: Unearned finance income*	0.00*	0.23
Present value of minimum lease payment receivable	**0.01**	**4.63**

*Amount less than ₹ 50,000

iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the financial year 2022-23 is ₹ 0.15 crores and for 2021-22 : ₹ 1.50 crores

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, 2021	20.70	4.86	25.56
Add: Finance lease income recognised in the statement of Profit and Loss	1.50	–	1.50
Less: Lease rental received (cash payment)	(22.20)	–	(22.20)
Add/Less: Change on account of any other factors	4.85	(4.85)	–
Closing value of lease receivables as on March 31, 2022	**4.85**	**0.01**	**4.86**
Add: Finance lease income recognised in the statement of Profit and Loss	0.15	–	0.15
Less: Lease rental received (cash payment)	(5.00)	–	(5.00)
Add/Less: Change on account of any other factors	0.01	(0.01)	–
Closing value of lease receivables as on March 31, 2023	**0.01**	**–**	**0.01**

Notes forming part of consolidated financial statements

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, 2023	As at March 31, 2022
Receivable not later than 1 year	–	0.16
Receivable later than 1 year but not later than 2 year	–	–
Receivable later than 2 year but not later than 3 year	–	–
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	**–**	**0.16**

iii) Lease income recognised in Profit & Loss account (Other than variable lease payment) is ₹ 0.07 crores (Previous year ₹ 0.23 crores)

iv) Lease income relating to variable lease payments not depending on index/rate : Nil

41 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, 2023	For the year ended March 31, 2022
Basic			
Profit after tax attributable to the owners of the Company (₹ in crore)	A	1,623.25	1,070.11
Weighted average number of equity shares outstanding	B	2,47,68,83,662	2,47,26,14,063
Basic earning per share	A/B	6.56	4.33
Diluted			
Profit after tax attributable to the owners of the Company (₹ in crore)	A	1,623.25	1,070.11
Weighted average number of equity shares outstanding	B	2,47,68,83,662	2,47,26,14,063
Add: Weighted average number of potential equity shares on account of employee stock options	C	83,44,407	71,39,341
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,48,52,28,068	2,47,97,53,404
Diluted earning per share	A/D	6.54	4.32
Face value of shares (₹)		10.00	10.00

Notes forming part of consolidated financial statements

42 Disclosure pursuant to Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations":

(a) The operating profit upto the date of divestment and the gain on divestment have been shown below:

(₹ in crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Revenue from operations (including other income)	231.02	393.10
(ii) Total expenses	131.64	141.14
(iii) Profit before tax (i)-(ii)	99.38	251.96
(iv) Tax expense	25.62	51.95
(v) Profit after tax (iii)-(iv)	73.76	200.01
(vi) Gain on disposal of discontinued operations	2,639.96	–
(vii) Tax on above	448.35	–
(viii) Gain on disposal of discontinued operations (net of tax) (vi-vii)	2,191.61	–
(ix) Profit after tax from discontinued operations (v+viii)	2,265.37	200.01
(x) Other comprehensive income	0.71	(1.00)
(xi) Total comprehensive income (v+viii+x)	2,266.08	199.01

(b) The Group has following non-current assets/disposal group recognised as held for sale:

(₹ in crore)

Assets/Disposal Group	Reportable segment	
	As at March 31, 2023	As at March 31, 2022
Non-current Assets (L&T Investment Management Limited)	Not applicable	Others

(c) Major classes of assets and liabilities of discontinued operation transferred:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Group(s) of assets classified as held for sale:		
Cash and cash equivalents	18.18	3.32
Trade receivables	–	18.98
Investments	81.17	160.01
Other financial assets	0.30	0.47
Current tax assets (net)	16.84	15.42
Property, plant and equipment	0.29	0.43
Goodwill	623.31	623.31
Other intangible assets	1.19	2.22
Deferred tax assets	3.80	–

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Right of use asset	–	1.40
Other non-financial assets	0.30	1.85
Total	**745.38**	**827.41**
Liabilities associated with group(s) classified as held for sale:		
Trade payable	4.56	5.11
Lease liability	–	1.63
Other financial liabilities	–	39.13
Deffered tax liabilities	–	4.25
Provisions	–	3.36
Other non-financial liabilities	13.55	31.50
Total	**18.11**	**84.98**
Carrying amount of net assets sold	**727.27**	**–**

(d) Summarised statement of cash flows of discontinued operation :

(₹ in crore)

Particulars	For the year ended March 31, 2023
Net cash flows from operating activities	48.95
Net cash flows from investing activities	478.37
Net cash flows from financing activities	(512.46)

(e) The Company has entered into a definitive agreement with HSBC Asset Management (India) Private Limited ("HSBC AMC") on December 23, 2021 to sell 100% equity shares of L&T Investment Management Limited ("LTIM"), a wholly owned subsidiary of the Company, which is the investment manager of L&T Mutual Fund. The Company has concluded the sale of its mutual fund business, post receipt of regulatory approvals, to HSBC AMC on the closing date of November 25, 2022. The Company has (i) received ₹ 3,485.44 crore (equivalent of USD 425 million) as consideration for the sale and (ii) also realised surplus cash balance of ₹ 763.93 crore in LTIM pursuant to the definitive documents. As required by Ind-AS 105, a gain of ₹ 2,608.38 crore on sale of stake in LTIM and operating profits upto the closing date has been presented in the aforesaid financial results as profits from discontinued operations.

Notes forming part of consolidated financial statements

43 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

S. No	Particulars	2022-23	2021-22
	Consolidated statement of Profit and Loss:		
(a)	Profit and Loss section:		
	(i) Current income tax :		
	(A) Current income tax expense	626.32	210.89
	(B) Tax expense of discontinued operations	482.02	57.03
		1,108.34	267.92
	(ii) Deferred Tax:		
	(A) Tax expense on origination and reversal of temporary differences	(453.95)	162.73
	(B) Tax expense of discontinued operations	(8.05)	(5.08)
		(462.00)	157.65
	Income tax expense reported in the consolidated statement of profit or loss[(i)+(ii)]	**646.34**	**425.57**
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On re-measurement of defined benefit plans	(0.35)	(0.56)
		(0.35)	(0.56)
	(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	20.82	(13.99)
	(b) On gain/(loss) on fair value of debt securities	(0.67)	(0.21)
		20.15	(14.20)
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	**19.80**	**(14.76)**
(c)	**Balance sheet:**		
	Current income tax	(19.16)	(19.43)
	Deferred tax	19.16	19.43
	Income tax expense reported in balance sheet	**–**	**–**

Notes forming part of consolidated financial statements

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

(₹ in crore)

S. No	Particulars		2022-23	2021-22
(a)	**Profit before tax**		2,182.82	1,474.81
(b)	Corporate tax rate as per Income tax Act, 1961		25.17%	25.17%
(c)	Tax on accounting profit	(c)=(a)*(b)	549.37	371.16
(d)	(i) Tax on Income exempt/deductible from tax :			
	(A) Deduction of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961		–	(7.66)
	(B) Exempt income		(32.62)	(31.11)
	(C) Deduction under Section 80JJAA		(5.51)	(8.26)
	(ii) Tax on Income which are taxed at different rates		(187.93)	4.47
	(iii) Tax on expense not tax deductible :			
	(A) Corporate social responsibility (CSR) expenses		5.78	3.00
	(B) Provision for dimunition of investments		180.11	(84.39)
	(C) Other disallowances		12.15	9.33
	(iv) Impact of consolidation adjustments		124.55	61.94
	(v) Tax effect on various other Items		0.44	107.09
	(vi) Total effect of tax adjustments [(i) to (vii)]		96.97	54.41
(e)	Tax expense ((before tax impact due to amendment in tax regulations)	(e)=(c)-(d)	646.34	425.57
(f)	Effective tax rate (before tax impact due to amendment in tax regulations)	(f)=(e)/(a)	29.61%	28.86%
(g)	Tax expense recognised during the year	(g)=(f)+(e)	646.34	425.57
(h)	Effective tax Rate	(h)=(g)/(a)	29.61%	28.86%

(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, 2023		As at March 31, 2022	
	₹ in crore	**Expiry year**	**₹ in crore**	**Expiry year**
Tax losses (business loss and unabsorbed depreciation)				
– Amount of losses having expiry	55.47	Upto AY2031-32	527.82	Upto AY2030-31
– Amount of losses having no expiry	–		–	
Tax losses (capital loss)	–		–	
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	–		–	
Total	**55.47**		**527.82**	

Notes forming part of consolidated financial statements

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Towards provision for diminution in value of investments and other impairments	1,146.90	430.09
Other items	–	–
Total	**1,146.90**	**430.09**

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

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2022	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, 2023
Deferred tax assets:					
Expected credit loss provision on loans	1,083.45	351.96	–	–	1,435.41
Amortisation of fee income	3.66	(3.66)	–	–	–
Carried forward tax losses	0.05	0.34	–	–	0.39
Unutilised MAT credit	35.04	–	(15.27)	–	19.77
Other items giving rise to temporary differences	238.92	117.50	0.47	(19.81)	337.08
Deferred tax assets	**1,361.12**	**466.14**	**(14.80)**	**(19.81)**	**1,792.65**
Offsetting of deferred tax assets with deferred tax liabilities	83.45				68.44
Net deferred tax assets	**1,444.57**	**466.14**	**(14.80)**	**(19.81)**	**1,861.09**

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2022 *	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, 2023
Deferred tax liabilities:					
Difference between book base and tax base of property, plant and equipement, investment property and intangible assets	65.18	(2.62)	(8.16)	–	54.40
Interest income recognised on Stage 3 Loans	(22.10)	22.11	–	–	0.01
Unamortised borrowing cost	(1.06)	1.06	–	–	–
Other items giving rise to temporary differences	15.38	(24.69)	–	–	(9.31)
Deferred tax liabilities	**57.40**	**(4.14)**	**(8.16)**	**–**	**45.10**
Offsetting of deferred tax liabilities with deferred tax assets	(83.45)				(68.44)
Net deferred tax liabilities	**(26.05)**	**(4.14)**	**(8.16)**	**–**	**(23.34)**
Net deferred tax assets/(liabilities)	**1,418.52**	**462.00**	**(22.96)**	**(19.81)**	**1,837.75**

* includes ₹ Nil crore (Previous year: ₹ 4.25 crore) disclosed in group of liabilities classified as held for sale (Refer note 42).
** includes ₹ 8.05 crore pertaining to discontinued operations (Refer note 42).

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2021	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, 2022
Deferred tax assets:					
Expected credit loss provision on loans	1,364.94	(281.49)	–	–	1,083.45
Amortisation of fee income	5.54	(1.88)	–	–	3.66
Carried forward tax losses	–	0.05	–	–	0.05
Unutilised MAT credit	50.57	–	(15.53)	–	35.04
Other items giving rise to temporary differences	188.11	69.49	(3.89)	(14.79)	238.92
Deferred tax assets	**1,609.16**	**(213.83)**	**(19.42)**	**(14.79)**	**1,361.12**
Offsetting of deferred tax assets with deferred tax liabilities	26.12	–	–	–	83.45
Net deferred tax assets	**1,635.28**	**(213.83)**	**(19.42)**	**(14.79)**	**1,444.57**

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2021	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, 2022
Deferred tax liabilities:					
Difference between book base and tax base of property, plant and equipement, investment property and intangible assets	59.67	5.51	–	–	65.18
Interest income recognised on Stage 3 Loans	(43.75)	21.65	–	–	(22.10)
Unamortised borrowing cost	(2.35)	1.29	–	–	(1.06)
Other items giving rise to temporary differences*	(12.34)	27.72	–	–	15.38
Deferred tax liabilities	**1.23**	**56.17**	**–**	**–**	**57.40**
"Offsetting of deferred tax liabilities with deferred tax assets"	(26.12)	–	–	–	(83.45)
Net deferred tax liabilities	**(24.89)**	**56.17**	**–**	**–**	**(26.05)**
Net deferred tax assets/(liabilities)	**1,610.39**	**(157.66)**	**(19.42)**	**(14.79)**	**1,418.52**

* includes ₹ Nil (Previous year: ₹ 4.25 crores) disclosed in group of assets classified as held for sale.

** includes ₹ 5.08 crore pertaining to discontinued operations (Refer note 42).

Notes forming part of consolidated financial statements

44 Contingent liabilities and commitments

(₹ in crore)

	Particulars	As at March 31, 2023	As at March 31, 2022
	Contingent liabilities		
1	Claims against the group not acknowledged as debt: *		
	(i) Income tax matter in dispute	11.12	13.35
	(ii) Service tax/Sales tax/VAT matters in dispute	528.59	529.25
	(iii) Legal matters in dispute	1.67	1.46
2	Bank guarantees	6.00	125.29
3	Other money for which the Group is contingently liable; letter of credit/letter of comfort	260.05	403.88
	Total (a)	**807.43**	**1,073.23**
	Commitments		
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	25.06	16.87
2	Other Undrawn/Undisbursed commitments** (standby facilities)	847.52	1,026.95
	Total (b)	**872.58**	**1,043.82**
	Total (c)=(a)+(b)	**1,680.01**	**2,117.05**

* In respect of disputes, the company is of view of succeeding in appeals and does not expect any significant liabilities to materialise.

\# Figures reported above are excluding GST

** 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.

The Group has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts wherever applicable. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on ‘Provisions, Contingent Liabilities and Contingent Assets’, the Group recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

45 Disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures“

(a) Foreign currency risk :

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Liability – External commercial borrowings	USD 12,50,00,000	USD 43,50,00,000
Liability – Currency swap contracts	–	USD 36,50,00,000
Assets – future receivables against sale of investments	–	USD 42,50,00,000
Assets – Currency swap contracts	USD 12,50,00,000	USD 43,50,00,000

Notes forming part of consolidated financial statements

(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, 2023	As at March 31, 2022
Variable rate borrowings	20,527.59	22,250.51
Fixed rate borrowings	61,276.22	62,237.40
Total borrowings*	**81,803.81**	**84,487.91**

*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, 2023			As at March 31, 2022		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings*	6.98%	20,527.59	25.09%	6.75%	22,250.51	26.34%
Interest rate swap at variable rate						
Net exposure to cash flow interest rate risk	**6.98%**	**20,527.59**	**25.09%**	**6.75%**	**22,250.51**	**26.34%**

*Excluding interest accrued and amortisation

(c) Sensitivity :

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in crore)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Interest rates – increase by 25 basis points *	(41.35)	(33.67)	(41.35)	(33.67)
Interest rates – decrease by 25 basis points*	41.35	33.67	41.35	33.67

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

Notes forming part of consolidated financial statements

46 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, 2023			As at March 31, 2022		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	ASSETS:						
(1)	**Financial assets**						
(a)	Cash and cash equivalents	9,108.68	–	9,108.68	4,915.98	–	4,915.98
(b)	Bank balance other than (a) above	3,640.19	0.04	3,640.23	3,054.44	–	3,054.44
(c)	Derivative financial instruments	0.77	173.68	174.45	148.56	58.56	207.12
(d)	Receivables						
	(I) Trade receivables	5.88	–	5.88	15.92	–	15.92
	(II) Other receivables	137.09	–	137.09	47.76	–	47.76
(e)	Loans	39,834.84	35,319.71	75,154.55	41,987.29	40,482.15	82,469.44
(f)	Investments	7,541.29	6,824.91	14,366.20	5,338.84	6,578.10	11,916.94
(g)	Other financial assets	89.49	0.81	90.30	91.94	1.37	93.31
	Group of assets classified as held for sale	–	–	–	827.41	–	827.41
(2)	**Non-financial assets**						
(a)	Current tax asset (net)	–	677.28	677.28	–	695.99	695.99
(b)	Deferred tax assets (net)	–	1,861.09	1,861.09	–	1,444.57	1,444.57
(c)	Investment property	–	311.49	311.49	–	324.18	324.18
(d)	Property, plant and equipment	–	57.09	57.09	–	23.98	23.98
(e)	Intangible assets under development	0.09	4.72	4.81	–	21.81	21.81
(f)	Goodwill on consolidation	–	13.40	13.40	–	13.40	13.40
(g)	Other intangible assets	–	115.37	115.37	–	116.02	116.02
(h)	Right of use asset	–	55.17	55.17	–	31.23	31.23
(i)	Other non-financial assets	67.91	521.15	589.06	–	682.68	682.68
	Total Assets	**60,426.23**	**45,935.91**	**1,06,362.14**	**56,428.14**	**50,474.04**	**1,06,902.18**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Trade payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	0.15	–	0.15	0.19	–	0.19
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	806.24	–	806.24	432.42	–	432.42

Notes forming part of consolidated financial statements

(₹ in crore)

S. No.	Particulars	As at March 31, 2023			As at March 31, 2022		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(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	–	–	–	6.49	–	6.49
(c)	Debt securities	15,307.14	20,798.24	36,105.38	19,480.34	22,713.76	42,194.10
(d)	Borrowings (other than debt securities)	26,746.62	17,392.97	44,139.59	12,622.61	26,701.20	39,323.81
(e)	Subordinated liabilities	374.13	2,424.35	2,798.48	2,865.48	817.84	3,683.32
(f)	Lease liability	12.48	48.97	61.45	13.18	22.35	35.53
(g)	Other financial liabilities	525.97	18.27	544.24	651.59	20.69	672.28
	Group of liabilities classified as held for sale	–	–	–	84.98	–	84.98
(2)	**Non-Financial Liabilities**						
(a)	Current tax liability (net)	176.20	–	176.20	235.45	–	235.45
(b)	Provisions	32.21	0.49	32.70	26.26	1.89	28.15
(c)	Deferred tax liabilities (net)	23.33	0.01	23.34	21.52	0.28	21.80
(d)	Other non-financial liabilities	56.56	–	56.56	56.13	–	56.13
	Total liabilities	**44,061.03**	**40,683.30**	**84,744.33**	**36,496.64**	**50,278.01**	**86,774.65**

The above information is based on certain management estimates which has been relied upon by the auditors.

47 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

Notes forming part of consolidated financial statements

- 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.

Wholesale Business

The Group uses internal credit risk grading (17 levels for loans which are not credit impaired and 1 level for loans considered to be credit impaired) that reflect its assessment of the PD of individual counterparties in respect of its Wholesale segment. The Group use internal rating models tailored to the various categories of counterparties. Borrower and loan specific information collected at the time of application (such as turnover and industry type for wholesale exposures) and judgement based on market intelligence on the sector or the specific borrower is used in assigning the rating. The Group's own internal ratings were benchmarked against the cumulative default rates for 1 year and 3-year periods sourced from CRISIL for Stage 1 and Stage 2 loan assets.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a AAA and A-rating grade is lower than the difference in the PD between a BBB and B-rating grade.

Management also assesses the impact of economic developments in key markets on specific customers, customer segments or portfolios. If changes in credit conditions are foreseen, mitigation action, including the revision of risk appetites or limits and tenors, as appropriate are taken.

Retail Business- (Rural and Urban Finance)

The Group has deployed standardised credit decision rules, as approved by the designated officials for the specific product. The rules are regularly monitored to ensure that the changes in the economic environment have been factored into the credit decision rules.

Trading Exposures

For debt securities in the trading portfolio, external rating agency credit grades are used for evaluating the credit risk.

Expected Credit Loss ('ECL')

The Group prepares its financial statements in accordance with the IND AS framework.

As per the RBI notification, on acceptance of IND AS for regulatory reporting, the Group computes provision as per IND AS 109 as well as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where impairment allowance in aggregate for the Company under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) for the Company, the difference is appropriated from net profit or loss after tax, to a separate 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.

ECL allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgement and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Multi variable regression framework is used to establish a linkage between company's default rates and various macroeconomic variables like unemployment rate, GDP, inflation, domestic credit investment, farm reservoir levels amongst others. Three scenarios sufficient to calculate unbiased ECL were used - representing the "most likely outcome" (the "Central" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios).Probability weights have been assigned to each scenario based on Company's outlook of the economic forecasts.

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 1.10 for a description of how the Group determines when a significant increase in credit risk has occurred).

Notes forming part of consolidated financial statements

- 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 Business

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 sourced from CRISIL.

The Exposure at Default (EAD) is measured at the amortised cost as at the reporting date, after considering repayments of principal and interest received in advance.

The Group, in determining its Loss Given Default ("LGD") estimates, for Stage 3 loan assets as of the reporting date, has used cash flow estimates based on inputs provided by assigned business managers and external corroborating information including amounts realised on resolution of cases referred to the National Company Law Tribunal ("NCLT") under the Insolvency and Bankruptcy Code, 2016.

The Group has carried out a historical analysis of loss experience for all closed and live defaulted (Stage 3) borrowers over the previous 5 years.

Retail Business- (Rural and Urban Finance)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD.

A centralised impairment model summarises the historical payment behaviour of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on days-past-due and month-on-book (vintage) (for certain products) form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

For credit impaired loan assets LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/ enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) was used to determine the LGD ratio for credit impaired loan assets.

The PD and LGD ratio were used along with respective EAD adjustment factor to arrive at the ECL for all stages of loan assets.

Exposure at Default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Notes forming part of consolidated financial statements

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, 2023			As at March 31, 2022		
	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	12,748.91	–		7,970.42	–	
Loans and advances at amortised cost	58,097.81	–	Refer note below	59,715.66	–	Refer note below
Trade receivables	5.88	–		15.92	–	
Other receivables	137.09	–		47.76	–	
Other financial assets	90.30	–		93.31	–	
Total financial assets at amortised cost	**71,079.99**	**–**		**67,843.07**	**–**	
Financial assets at fair value through profit or loss	28,673.33	–		31,787.75	–	
Total financial instruments at fair value through profit or loss	**28,673.33**	**–**		**31,787.75**	**–**	
Derivative financial instruments	173.68	–		207.12	–	
Financial instruments at fair value through Other Comprehensive Income	2,750.38	–		2,882.97	–	
Total Financial instruments at fair value through Other Comprehensive Income	**2,924.06**	**–**		**3,090.09**	**–**	
Total on-balance sheet	**102,677.38**	**–**		**102,720.91**	**–**	
Off balance sheet						
Contingent liabilities	807.43	–		1,069.01	–	
Other commitments	872.58	–		1,043.37	–	
Total off-balance sheet	**1,680.01**	**–**		**2,112.38**	**–**	
Total	**104,357.39**	**–**		**104,833.29**	**–**	

Footnote

a) Retail loans, other than unsecured loans aggregating ₹ 34,109.08 crore as of March 31, 2023, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans, home loans and loans against property) (as of March 31, 2022: ₹ 28,722.90 crore). If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

b) Wholesale loan assets 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.

Notes forming part of consolidated financial statements

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.

S. No.	Name of Company	No. of shares held as bailee	
		As at March 31, 2023	As at March 31, 2022
1	Tata Steel Limited	47,92,720	479,272
2	Saumya Mining Limited	513,012	513,012
3	Punj Lloyd Limited	5	5
4	GHCL Limited	70,000	70,000
5	Golden Tobacco Limited	10,000	10,000
6	Hindusthan National Glass & Industries Limited	15,00,716	34,04,499
7	Sterling International Enterprises Limited	217,309	217,309
8	Tulip Telecom Limited	14,01,762	14,01,762
9	Hanjer Biotech Energies Private Limited	3,25,096	3,25,096
10	VMC Systems Limited	717,736	717,736
11	KSK Energy Ventures Limited	308,446	308,446
12	Soma Enterprises Limited	24,47,655	24,47,655
13	Future Retail Limited	56,18,102	16,53,117
14	Gwalior Bypass Project Limited	–	21,287
15	KSK Electricity Financing India Private Limited	–	2,000
16	Avantha Holdings Limited	4,500	4,500
17	Ace Urban Developers Private Limited	–	15,250
18	Valdel Projects Corporation Private Limited	1,532	1,532
19	Diamond Power Infrastructure Limited	3,000	–
20	KSK Mineral Resources Private Limited	34,22,910	–

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, 2023. The Group has put in place a framework of Risk Limits, which are monitored on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk. The Risk Limits cover risk of concentration to a particular geography, industry, Company/ borrower or revenue counterparty of the borrowers etc. as are relevant to the respective product.

Market Risk Management:

Liquidity Risk:

The risk that the Group is unable to service its contractual or contingent liabilities or that it does not have the adequate amount of funding and liquidity to support its committed disbursements.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Group's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets and also by setting up limits on relevant liquidity stock ratios. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO') which provides oversight and strategic direction for the prudent asset liabilities management. As a prudent practice, the Group has been maintaining positive cumulative liquidity gaps for all the time-buckets up-to 1 year in the current market scenario. A Contingency Funding Plan has also been put into practice by the company for responding to severe disruptions which might affect the ability to fund some or all activities in a timely manner and at a reasonable cost.

The Group also periodically undertakes liquidity stress testing under various liquidity stress scenarios. It maintains liquidity buffer for survival period of 30 days in the forms of High Quality Liquid Assets under 1-in-10 liquidity stress scenario, wherein 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 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.

Notes forming part of consolidated financial statements

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 mark to market (MTM) 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.

48 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, 2023				As at March 31, 2022			
		FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
	Financial assets								
1	Cash and cash equivalents	–	–	9,108.68	9,108.68	–	–	4,915.98	4,915.98
2	Bank balance other than (1) above	–	–	3,640.23	3,640.23	–	–	3,054.44	3,054.44
3	Derivative financial instruments	0.77	173.68	–	174.45	–	207.12	–	207.12
4	Receivables								
	Trade receivables	–	–	5.88	5.88	–	–	15.92	15.92
	Other receivable	–	–	137.09	137.09	–	–	47.76	47.76
5	Loans	17,056.74	–	58,097.81	75,154.55	22,753.78	–	59,715.66	82,469.44
6	Investments								
	Equity instruments	253.91	–	–	253.91	694.62	–	–	694.62
	Preference share	63.48	–	–	63.48	75.48	–	–	75.48
	Mutual funds	4,751.50	–	–	4,751.50	1,179.49	–	–	1,179.49
	Debentures	197.28	560.28	–	757.56	2,166.95	729.32	–	2,896.27
	Security receipt	6,321.05	–	–	6,321.05	4,886.23	–	–	4,886.23
	Units of fund	28.60	0.90	–	29.50	31.20	0.91	–	32.11
	Government securities	–	2,189.20	–	2,189.20	–	2,152.74	–	2,152.74
7	Other financial assets	–	–	90.30	90.30	–	–	93.31	93.31
	Total financial assets	**28,673.33**	**2,924.06**	**71,079.99**	**1,02,677.38**	**31,787.75**	**3,090.09**	**67,843.07**	**1,02,720.91**
	Financial liabilities								
1	Trade payables	–	–	806.39	806.39	–	–	432.61	432.61
2	Other payables	–	–	–	–	–	–	6.49	6.49
3	Lease liabilities	–	–	61.45	61.45	–	–	35.53	35.53
4	Debt securities	–	–	36,105.38	36,105.38	–	–	42,194.10	42,194.10
5	Borrowings (other than debt securities)	–	–	44,139.59	44,139.59	–	–	39,323.81	39,323.81
6	Subordinated liabilities	–	–	2,798.48	2,798.48	–	–	3,683.32	3,683.32
7	Other financial liabilities	–	–	544.24	544.24	–	–	672.28	672.28
	Total financial liabilities	**–**	**–**	**84,455.53**	**84,455.53**	**–**	**–**	**86,348.14**	**86,348.14**

Notes forming part of consolidated financial statements

(b) Fair value hierarchy of financial assets and financial liabilities at fair value:

(₹ in crore)

Particulars	As at March 31, 2023				As at March 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
1 Investments at FVTPL:								
Equity shares	40.32	–	213.59	253.91	158.39	–	536.23	694.62
Preference shares	–	–	63.48	63.48	–	–	75.48	75.48
Mutual fund	4,751.50	–	–	4,751.50	1,179.49	–	–	1,179.49
Debentures	–	–	197.28	197.28	–	1,576.15	590.80	2,166.95
Security receipt	–	–	6,321.05	6,321.05	–	–	4,886.23	4,886.23
Units of fund	–	–	28.60	28.60	–	–	31.20	31.20
2 Derivative financial instruments	–	174.45	–	174.45	–	207.12	–	207.12
3 Loans	–	–	17,056.74	17,056.74	–	–	22,753.78	22,753.78
4 Investments at FVTOCI:								
Debentures	–	560.28	–	560.28	–	729.32	–	729.32
Government securities	–	2,189.20	–	2,189.20	2,152.74	–	–	2,152.74
Units of fund	–	0.90	–	0.90	–	0.91	–	0.91
Total financial assets	**4,791.82**	**2,924.83**	**23,880.74**	**31,597.39**	**3,490.62**	**2,513.50**	**28,873.72**	**34,877.84**
Financial liabilities:								
1 Derivative financial instruments	–	–	–	–	–	–	–	–
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

(c) Movement of items measured using unobservable inputs (Level 3):

(₹ in crore)

Particular	Equity share	Preference share	Deben-tures	Security receipts	Units of fund	Loans	Total
Balance as at April 1, 2022	**536.23**	**75.48**	**590.80**	**4,886.23**	**31.20**	**22,753.78**	**28,873.72**
Reclassificaiton from amortised cost to Fair Value to profit & loss	–	–	–	–	–	6,508.92	6,508.92
Addition during the year	–	–	–	2,484.55	11.09	14,601.32	17,096.96
Disposal during the year	(0.05)	(12.00)	–	(663.83)	(25.35)	(25,115.97)	(25,817.20)
Gain/(Loss) recognised in Profit or Loss	(322.59)	–	(393.52)	(385.90)	11.66	(1,691.31)	(2,781.66)
Impairment recognised in profit or loss	–	–	–	–	–	–	–
Balance as at March 31, 2023	**213.59**	**63.48**	**197.28**	**6,321.05**	**28.60**	**17,056.74**	**23,880.74**
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, 2023	**(322.59)**	**–**	**(393.52)**	**(385.90)**	**11.66**	**(1,691.31)**	**(2,781.66)**

Notes forming part of consolidated financial statements

(₹ in crore)

Particular	Equity share	Preference share	Debentures	Security receipts	Units of fund	Loans	Total
As at March 31, 2022	–	(0.48)	320.71	(249.98)	(6.89)	(348.10)	(284.74)
Unrealised gains/(losses) recognised in Other Comprehensive Income related to assets and liabilities held at the end of the reporting period							
As at March 31, 2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at March 31, 2022	–	–	30.52	–	–	–	30.52

(d) Sensitivity disclosure for level 3 fair value measurements:

(₹ in crore)

Particular	Fair value			Impact of change in rates on total comprehensive income statement			
	As at March 31, 2023	As at March 31, 2022	Sensitivity	31 March 2023 Favourable	31 March 2023 Unfavourable	31 March 2022 Favourable	31 March 2022 Unfavourable
Equity share	213.59	536.23	5.00%	10.68	(10.68)	26.81	(26.81)
Preference share	63.48	75.48	5.00%	3.17	(3.17)	3.77	(3.77)
Debt instruments	197.28	590.80	0.25%	0.49	(0.49)	1.48	(1.48)
Security receipts	6,321.05	4,886.23	5.00%	316.05	(316.05)	244.31	(244.31)
Units of fund	28.60	31.20	5.00%	1.43	(1.43)	1.56	(1.56)
Loans	17,056.74	22,753.78	0.25%	42.64	(42.64)	56.88	(56.88)
Total	**23,880.74**	**28,873.72**		**374.46**	**(374.46)**	**334.81**	**(334.81)**

(e) Maturity profile of financial liabilities based on undiscounted cash flows:

(₹ in crore)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-derivative liabilities						
Borrowings*	45,841.98	47,700.52	93,542.50	49,383.48	46,867.56	96,251.04
Trade and other payables	806.39	–	806.39	439.10	–	439.10
Lease liabilities	12.48	48.97	61.45	13.18	22.35	35.53
Other financial liabilities	525.97	18.27	544.24	651.59	20.69	672.28
Total	**47,186.82**	**47,767.76**	**94,954.58**	**50,487.35**	**46,910.60**	**97,397.95**
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.

Notes forming part of consolidated financial statements

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

(₹ in crore)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Loans*	58,097.81	58,097.81	59,715.66	59,715.66
Total	**58,097.81**	**58,097.81**	**59,715.66**	**59,715.66**
Financial liabilities:				
Debt securities	36,105.38	35,551.99	42,194.10	43,715.77
Borrowings	44,139.59	43,441.40	39,323.81	39,177.63
Subordinated liabilities	2,798.48	2,764.84	3,683.32	3,842.40
Lease liabilities	61.45	61.45	35.53	35.53
Total	**83,104.90**	**81,819.68**	**85,236.76**	**86,771.33**

*In the absence of an observable market for these loan assets, the fair values have been determined from the perspective of the group after considering changes in performance and risk indicators (including delinquencies and interest rates)

The carrying amounts of cash & cash equivalents, bank balance, trade receivables, other receivables, other financial assets, trade payables, other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

(g) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2023	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	58,097.81	58,097.81	Discounted cash flow approach
Total	**–**	**–**	**58,097.81**	**58,097.81**	
Financial liabilities:					
Debt securities	–	–	35,551.99	35,551.99	Discounted cash flow approach
Borrowings (other than government securities)	–	–	43,441.40	43,441.40	Discounted cash flow approach
Subordinated liabilities	–	–	2,764.84	2,764.84	Discounted cash flow approach
Lease liabilities	–	–	61.45	61.45	Discounted cash flow approach
Total	**–**	**–**	**81,819.68**	**81,819.68**	

(₹ in crore)

As at March 31, 2022	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	59,715.66	59,715.66	Discounted cash flow approach
Total	**–**	**–**	**59,715.66**	**59,715.66**	
Financial liabilities:					
Debt securities	–	–	43,715.77	43,715.77	Discounted cash flow approach
Borrowings (other than government securities)	–	–	39,177.63	39,177.63	Discounted cash flow approach
Subordinated liabilities	–	–	3,842.40	3,842.40	Discounted cash flow approach
Lease liabilities	–	–	35.53	35.53	Discounted cash flow approach
Total	**–**	**–**	**86,771.33**	**86,771.33**	

Notes forming part of consolidated financial statements

49 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures:"

(a) Expected credit loss - loans:

(₹ in crore)

Particulars		As at March 31, 2023			As at March 31, 2022		
		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)	56,530.86	1,177.27	55,353.59	53,250.41	1,091.66	52,158.75
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	2,656.72	366.04	2,290.68	7,916.93	1,101.47	6,815.46
	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)	2,196.85	1,743.31	453.54	2,175.46	1,434.01	741.45
Total		**61,384.43**	**3,286.62**	**58,097.81**	**63,342.80**	**3,627.14**	**59,715.66**

(b) Reconciliation of loss allowance provision - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss allowance as on April 1, 2021	**908.82**	**345.60**	**3,820.15**	**5,074.57**
New assets originated or purchased	857.15	25.76	44.39	927.30
Amount written off	-	-	(1,797.23)	(1,797.23)
Transfers to Stage 1	22.80	(7.99)	(14.81)	-
Transfers to Stage 2	(117.67)	130.61	(12.94)	-
Transfers to Stage 3	(34.35)	(7.28)	41.63	-
Impact on year end ECL of exposure transferred between stages during the year	(22.29)	225.08	961.18	1,163.97
Increase / (decrease) in provision on existing financial assets (net of recovery)	(522.80)	389.69	(1,608.36)	(1,741.47)
Loss allowance as on March 31, 2022	**1,091.66**	**1,101.47**	**1,434.01**	**3,627.14**
New assets originated or purchased	1,088.16	61.16	111.58	1,260.90
Amount written off	-	-	(1,404.77)	(1,404.77)
Transfers to Stage 1	66.22	(46.71)	(19.51)	-
Transfers to Stage 2	(6.72)	16.21	(9.48)	0.01
Transfers to Stage 3	(21.29)	(315.79)	337.08	-
Impact on year end ECL of exposure transferred between stages during the year	(64.40)	67.57	1,365.66	1,368.83
Transfer to fair value through P&L on account of reclassification from amortised cost	(48.81)	(257.68)	(85.29)	(391.78)
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(927.55)	(260.19)	14.03	(1,173.71)
Loss allowance as on March 31, 2023	**1,177.27**	**366.04**	**1,743.31**	**3,286.62**

Notes forming part of consolidated financial statements

(c) Reconciliation of Gross carrying amount - loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2021	**58,304.56**	**5,562.19**	**5,360.40**	**69,227.15**
New assets originated or purchased	26,911.40	320.95	63.60	27,295.95
Amount written off	-	-	(1,846.58)	(1,846.58)
Transfers to Stage 1	224.60	(193.05)	(31.55)	-
Transfers to Stage 2	(3,382.31)	3,414.95	(32.64)	-
Transfers to Stage 3	(1,340.98)	(199.07)	1,540.05	-
Net recovery	(27,466.86)	(989.04)	(2,877.82)	(31,333.72)
Gross carrying amount as at March 31, 2022	**53,250.41**	**7,916.93**	**2,175.46**	**63,342.80**
New assets originated or purchased	43,748.63	592.84	143.86	44,485.33
Amount written off	-	-	(1,450.44)	(1,450.44)
Transfers to Stage 1	1,001.82	(956.21)	(45.61)	-
Transfers to Stage 2	(1,149.46)	1,171.90	(22.44)	-
Transfers to Stage 3	(712.65)	(1,425.83)	2,138.48	-
Transfer to fair value through P&L on account of reclassification from amortised cost	(15,730.10)	(2,716.55)	(333.58)	(18,780.23)
Net recovery	(23,877.79)	(1,926.36)	(408.88)	(26,213.03)
	56,530.86	**2,656.72**	**2,196.85**	**61,384.43**

Notes forming part of consolidated financial statements

50 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2023

(₹ in crore)

Name of the entity		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Parent									
L&T Finance Holdings Limited	(A)	63.88%	13,752.77	167.38%	2,571.70	(5.02%)	(2.27)	162.45%	2,569.43
Subsidiaries									
Indian									
L&T Finance Limited		83.68%	18,014.77	(32.87%)	(505.03)	107.61%	48.67	(28.85%)	(456.36)
L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)		6.56%	1,411.35	(9.57%)	(147.01)	(4.24%)	(1.92)	(9.42%)	(148.93)
L&T Investment Management Limited (Refer Note 42)		–	–	4.80%	73.76	1.57%	0.71	4.71%	74.47
L&T Infra Investment Partners		0.93%	199.29	(12.47%)	(191.59)	–	–	(12.11%)	(191.59)
L&T Financial Consultants Limited		1.65%	354.55	2.26%	34.73	0.09%	0.04	2.20%	34.77
L&T Infra Investment Partners Advisory Private Limited		0.12%	25.17	0.24%	3.65	–	–	0.23%	3.65
L&T infra Investment Partners Trustee Private Limited		0.00%	0.09	0.00%	0.01	–	–	0.00%	0.01
L&T Mutual Fund Trustee Limited		0.00%	1.04	0.01%	0.08	–	–	0.01%	0.08
Mudit Cement Private Limited		0.10%	21.74	(0.03%)	(0.53)	–	–	(0.03%)	(0.53)
Total Subsidiaries	**(B)**		**20,028.00**		**(731.93)**		**47.50**		**(684.43)**
Non-controlling interests in subsidiaries	(C)	(0.42%)	(89.44)	(5.65%)	(86.77)	0.00%	–	(5.49%)	(86.77)
Consol adjustment and elimination	(D)	(56.50%)	(12,162.96)	(14.09%)	(216.52)	0.00%	–	(13.69%)	(216.52)
Total (A+B+C+D)		**100.00%**	**21,528.37**	**100.00%**	**1,536.48**	**100.00%**	**45.23**	**100.00%**	**1,581.71**

Notes forming part of consolidated financial statements

51 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2022	Cash flows	Others	March 31, 2023
Debt securities	42,194.10	(5,863.97)	(224.75)	36,105.38
Borrowings (other than debt securities)	39,323.81	4,981.11	(165.33)	44,139.59
Subordinated liabilities	3,683.32	(828.74)	(56.10)	2,798.48
Total	**85,201.23**	**(1,711.60)**	**(446.18)**	**83,043.45**

(₹ in crore)

Particulars	April 1, 2021	Cash flows	Others	March 31, 2022
Debt securities	46,027.46	(3,401.33)	(432.03)	42,194.10
Borrowings (other than debt securities)	37,582.58	2,076.06	(334.83)	39,323.81
Subordinated liabilities	4,945.73	(1,257.20)	(5.21)	3,683.32
Total	**88,555.77**	**(2,582.47)**	**(772.07)**	**85,201.23**

52 Relationship with Struck off Companies

Name of struck off Company	Nature of transactions with struck off Company	Balance Outstanding as at March 31, 2023 ((₹ in crore))	Balance Outstanding as at March 31, 2022 ((₹ in crore))	Relationship with the struck off Company
Victor Properties Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Pegasus Mercantile Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Architectural Glass Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Kothari Intergroup Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Sanvi Fincare Consultancy Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Earl Grey Hotels Private Limited	Service provided by struck off Company	–	–	Service Provider
Inmech Engineering Private Limited	Loan given to struck off Company	0.00*	0.00*	Borrower

*Amount less than ₹ 50,000

Note : Previous year numbers are taken for struck off companies as on date.

Notes forming part of consolidated financial statements

53 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of amendments dated March 24, 2021 in Schedule III to the Companies Act 2013 with effect from 1st day of April, 2021:-

1. There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period as applicable.
2. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year 2022-23.
3. There is no proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
4. The details is not applicable to the Group, releated to transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and shall also state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.
5. The Group is not declared wilful defaulter by any bank or financial Institution or other lender.
6. The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :
   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
7. The Group has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Group shall :
   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

54 As on September 30, 2022, the Business Model being followed by the Company involved accounting the Wholesale loan asset portfolio in its books of account in two different blocks as under:

1) Fair Value through Profit & Loss Account

2) Amortised Cost

As part of its four-year Business Strategy - Lakshya 2026, the Company is aiming to increase its retail asset book to a minimum level of 80% by 2026 and this is targeted to be achieved through a CAGR growth of 25% in its retail portfolio as well as bringing down its wholesale loan asset portfolio through accelerated sell down. In line with this objective, the Company is taking steps to align the Infrastructure and Real Estate loan portfolio (Wholesale loan asset portfolio) to this strategy.

Consequent to the above, the Board has approved the change in business model for the Wholesale loan asset portfolio which would lead to conversion of its amortised cost portfolio to fair value through profit & loss account portfolio in line with the principles in Ind AS 109, Financial Instruments, which require a

Notes forming part of consolidated financial statements

reclassification when an entity changes its business model by shifting its focus completely from fresh sanctions to accelerated sell down of its wholesale loan asset portfolio.

Based on the change in the Business model and in accordance with para 4.4.1 of Ind AS 109 "Financial Instruments", the Company had reclassified its wholesale loan asset portfolio previously measured at "Amortised cost" to "Fair value through profit & loss" as on October 1, 2022.

Effective from October 01, 2022, the Company has reclassified its Wholesale loan asset portfolio measured at amortised cost amounting to ₹ 19,205.54 crores to fair value through profit & loss account. The Company has carried out an independent fair valuation of wholesale loan asset portfolio as at October 01, 2022 by external registered valuer and one time impact of such reclassifications consequent to change in business model and fair valuation of its wholesale loan asset portfolio, amounting to ₹ 2,687.17 crore has been presented as an "Exceptional Item".

55. The Board of Directors of L&T Finance Holdings Limited ('the Company' or "LTFH") at its meeting held on January 13, 2023, approved the merger of L&T Finance Limited ("LTF"), L&T Infra Credit Limited ("LTICL") and L&T Mutual Fund Trustee Limited ("LTMFTL") (direct and indirect wholly owned subsidiaries of the Company) with the Company ("the Scheme"), pursuant to a scheme of arrangement under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder. The Scheme will become effective upon fulfilment of all the conditions set out in the Scheme including approval of the Scheme by the National Company Law Tribunal ('NCLT'), Reserve Bank of India and other Regulatory approvals. The appointed date for the Scheme is April 1, 2023.

The Scheme will, inter alia, result in the transfer and vesting of the assets, liabilities (including debt securities) and the entire undertaking of the LTF, LTICL and LTMFTL into Company, followed by the dissolution without winding up of LTF, LTICL and LTMFTL, the consequent cancellation of the equity shares held by the Company in the LTF, LTICL and LTMFTL, and certain adjustments to the securities premium account of Company.

56 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2023.

57 Figures for the previous year have been regrouped/re-classified to confirm to the figures of the current year.

58 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 28, 2023.

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

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

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

Apurva Rathod
Company Secretary
Place : Mumbai
Date : April 28, 2023

Sachinn Joshi
Chief Financial Officer

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 Fifteenth Annual General Meeting

Notice is hereby given that the **Fifteenth Annual General Meeting** ("AGM") of the Members of **L&T Finance Holdings Limited** will be held on Friday, July 28, 2023 at 4.00 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, 2023 and audited consolidated financial statements of the Company together with the report of the Auditors thereon for the financial year ended March 31, 2023.
2. To declare dividend on Equity Shares.
3. To appoint a director in place of Mr. R. Shankar Raman (DIN: 00019798), who retires by rotation, and being eligible, offers himself for re-appointment.

Special Business:

4. **Re-appointment of Dr. Rajani R. Gupte (DIN: 03172965) 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, Dr. Rajani R. Gupte (DIN: 03172965) who was appointed as an Independent Director of the Company for a term upto June 27, 2023 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 her candidature for the office of a director be and is hereby re-appointed as an Independent Director of the Company for another term of 5 consecutive years with effect from June 28, 2023 to June 27, 2028."

5. **Amendment to the object clause of the Memorandum of Association of the Company:**

   To consider and, if thought fit, to pass with or without modification, if any, the following resolution as a **SPECIAL RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Section 13 of the Companies Act, 2013 ("the Act") read with the relevant rules framed thereunder and all other applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and all other applicable provisions, if any, of the Act (including any amendment thereto or re-enactment thereof), subject to necessary registrations, approvals, consents, permissions and sanctions required, if any, by the jurisdictional Registrar of Companies, and / or any other appropriate authority and subject to such terms, conditions, amendments or modifications as may be required or suggested by any such appropriate authorities, Clause III A of the Memorandum of Association, in relation to the main objects to be pursued by the Company be and is hereby amended to read as under:

A. MAIN OBJECTS OF THE COMPANY:

i. Existing Clause III A(1) to be substituted by the following:

   To carry on the business of a Non- Banking Financial Company in accordance with the certificate of registration granted by the Reserve Bank of India in all its offices / branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, hedge instruments, warrants, certificates, premium notes, Treasury Bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options, futures, money market securities, marketable or non-marketable securities, derivatives, and other instruments and securities issued, guaranteed or given by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, State, Dominion sovereign, Ruler, Commissioner, Public body or authority, Supreme, Municipal, Local or otherwise and other organisations / entities persons to acquire and hold controlling and other interests in the securities or loan capital of any issuer, company or companies.

ii. <u>Clause III A (2) to be added as following:</u>

To engage in and provide and / or arrange all forms of financial services / assistance in any manner, including through fintech / digital lending / investing platform(s) / any market place, in all permitted forms including through various options, inter alia, credit cards, prepaid cards, stores value cards, debit cards etc., and to undertake all permitted form of fee based activities including but not limited to underwriting, syndication, advisory, insurance, all form of credit enhancement, guarantee and takeout financing, denominated in rupee or such foreign currencies as may be permitted by Government policies / regulatory guidelines, whether independently or in association with any other entities, person(s), Government or any other agencies, whether incorporated or not, whether with or without security to persons (whether or not incorporated) and companies and under such conditions as may be stipulated / permitted by regulatory guidelines from time to time with respect to the NBFC registration.

B. OBJECTS INCIDENTAL OR ANCILLIARY TO THE ATTAINMENT OF THE MAIN OBJECTS:

i. <u>Existing Clause III B(2) to be substituted by the following and re-numbered as Clause III B(3) and all the remaining clauses be also renumbered:</u>

To carry on the business of merchant banking, underwriting, portfolio management services, investment advisory services, financial consultancy, stock broking, commodity broking, asset management, venture capital, custodial services, factoring, credit reference agencies, credit rating agencies, housing finance, foreign exchange broking, credit cards, money changing business, foreign exchange dealers, micro credit and rural credit in accordance with and to the extent permissible under the applicable regulations in respect of each of the above activities in India or elsewhere, and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas.

ii. <u>Existing Clause III B(6) to be substituted by the following and re-numbered [B(7)]:</u>

To carry on the business as insurance brokers and / or Insurance Agent and / or insurance intermediary and / or act as a corporate agent (composite) as per the provisions of the Insurance Act, 1938 / Insurance Regulatory and Development Authority Act, 1999 ("IRDA Act"); as amended from time to time, and / or such other activities / businesses as permissible pursuant to the IRDA Act and the Rules / Regulations thereunder.

iii. <u>Existing Clause III B(7) to be substituted by the following and re-numbered [B(8)]:</u>

To carry on the business of developing and providing wide range of financial products and services as may be permitted.

iv. <u>Existing Clause III B(9) to be substituted by the following and re-numbered [B(10)]:</u>

To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to the present and / or prospective customers and / or other dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities.

v. Existing Clause III B(13) to be substituted by the following and re-numbered [B(14)]:

To take or otherwise acquire and hold shares, stocks, debentures or other securities of or interests or whole or part of the business or all or any part of the property in any other entity including a company, having purposes altogether or in part similar to those of the Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to undertake and perform all such acts, deeds, matters and things as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution or to settle any question, difficulty or doubt that may arise in this regard or incidental thereto, take any other steps which may be incidental, consequential, relevant or ancillary in this regard, as it may in its absolute discretion deem fit in the interest of the Company, without being required to seek any further consent or approval of the Members and the decision of the Board of Directors shall be final and conclusive.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred herein, to a committee or any such person(s) as the Board of Directors may deem fit in its absolute discretion, with the power to take such steps and to do all such acts, deeds, matters and things as may be deemed fit and proper for the purposes of giving effect to the aforesaid resolution including without limitation to settle any question, difficulty or doubt that may arise in this regard."

6. **Alteration of Articles of Association of the Company:**

To consider and, if thought fit, to pass the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the requirements of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and provisions of Section 14 and any other applicable provisions, of the Companies Act, 2013 (the "Act") and rules made thereunder (including any amendment(s), modification(s) or re-enactment(s) thereof), the following clause be inserted in the Articles of Association of the Company, after the existing clause 104 (2):

ARTICLE 104 (3) – APPOINTMENT OF NOMINEE DIRECTOR:

The Board shall appoint any person as a director nominated by a company / trust / body corporate, if required under the provisions of any law for the time being in force, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, subject to the provisions of the Act and / or such applicable law pursuant to which the nomination is made.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to undertake and perform all such acts, deeds, matters and things as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution or to settle any question, difficulty or doubt that may arise in this regard or incidental thereto, take any other steps which may be incidental, consequential, relevant or ancillary in this regard, as it may in its absolute discretion deem fit in the interest of the Company, without being required to seek any further consent or approval of the Members and the decision of the Board of Directors shall be final and conclusive.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred herein, to a committee or any such person(s) as the Board of Directors may deem fit in its absolute discretion, with the power to take such steps and to do all such acts, deeds, matters and things as may be deemed fit and proper for the purposes of giving effect to the aforesaid resolution 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 8, 2023
Place: Mumbai

Notes:

1. The Statement as required under Section 102 of the Companies Act, 2013 ("the Act") is annexed to the Notice.
2. Ministry of Corporate Affairs ("MCA") has vide its various circulars issued from time to time (the latest circular being dated December 28, 2022) ("MCA Circulars") permitted the holding of the AGM through VC / OAVM. In compliance with the provisions of the Act, MCA Circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Fifteenth AGM is being held through VC / OAVM on Friday, July 28, 2023 at 4:00 p.m. The deemed venue of the AGM shall be the Registered Office of the Company.

   The procedure for joining the AGM through VC / OAVM is mentioned in this Notice.
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 route map, 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 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 while the AGM is in progress, by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC / OAVM will be made available to at least 1,000 Members on a first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc. who are allowed to attend the AGM without any restrictions pertaining to joining the AGM on a first come first served basis. Institutional Investors who are Members of the Company, are encouraged to attend the AGM and vote.
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 remote e-voting for the business specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote again.
9. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Members / list of Beneficial Owners maintained by National Securities Depository Limited ("NSDL") and CDSL (NSDL and CDSL collectively referred as "Depositories") as on the cut-off date i.e., July 21, 2023 ("Cut-off date").
10. A person, whose name is recorded in the Register of Members / list of Beneficial Owners maintained by the Depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.
11. Any person who becomes a Member of the Company after sending of Annual Report and holding shares as on the Cut-off date shall also follow the procedure stated herein.

A person who is not a Member as on the Cut-off date should treat this Notice for information purposes only.

12. 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.

13. The Company has fixed July 21, 2023 as the record date for determining entitlement of Members to receive dividend for the financial year ("FY") ended March 31, 2023, if approved by the Members at the AGM.

14. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before August 27, 2023 subject to deduction of tax at source, as applicable:

    a. to all the Members in respect of shares held in physical form whose names appear in the Company's Register of Members as on the record date; and

    b. to all Beneficial Owners in respect of shares held in dematerialized form whose names appear in the list of Beneficial Owners furnished by Depositories as at the close of business hours on the record date.

15. Dividend income on equity shares is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates in accordance with the provisions of the Income-tax Act,1961 ("IT Act") read with amendments thereof. The shareholders are requested to update their PAN with the Company / Registrar and Transfer Agents viz. Link Intime India Private Limited ("RTA") (in case of shares held in physical form) and with the Depositories / Depository Participants ("DPs") (in case of shares held in demat form).

Resident shareholders:

For resident shareholders, who have provided PAN, tax shall be deducted at source under Section 194 of the IT Act at 10% on the amount of dividend.

Tax shall be deducted at source at 20% wherein:

a. Shareholders do not have PAN / have not registered their valid PAN details in their demat account / with the Company / RTA.

b. Shareholders are classified as specified persons (i.e., non-filers of Income-tax returns) under Section 206AB.

c. Shareholders who have not linked PAN with Aadhaar on or before 30th June 2023 or any other date as may be specified by CBDT.

No tax shall be deducted on the dividend payable to a resident shareholder:

- if the total dividend paid or likely to be paid to the resident individual shareholders during FY2023-24 does not exceed ₹ 5,000;
- Individual Shareholder submits Form 15G / Form 15H / Nil withholding certificate / Lower withholding certificate and meets all the required eligibility conditions.
- Shareholders (other than Individual) submits Nil withholding certificate / other exemption documents and meets all the required eligibility conditions.

Apart from cases stated above, following categories of shareholders are exempt from tax deduction at source as per 2nd proviso to Section 194 of the IT Act:

a. Life Insurance Corporation of India

b. General Insurance Corporation of India / The New India Assurance Company Limited / United India Insurance Company Limited / The Oriental Insurance Company Limited / National Insurance Company Limited

c. Any other insurer in respect of any shares owned by it or in which it has full beneficial interest

d. Dividend income credited / paid to a "business trust", as defined in clause (13A) of Section 2, by a special purpose vehicle referred to in the explanation to clause (23FC) of Section 10.

The following payees are also not subject to tax deducted at source in view of the provisions of Sections 196 and 197A of the IT Act and CBDT notification:

a. Government [Section 196(i)]

b. Reserve Bank of India [Section 196(ii)]

c. A corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income [Section 196(iii)]

d. Mutual Fund specified under Section 10(23D) [Section 196(iv)]

e. any person for, or on behalf of, the New Pension System Trust referred to in Section 10(44) [sub-section 1E to Section 197A]

f. Category I or a Category II Alternative Investment Fund (registered with the Securities and Exchange Board of India ("SEBI") as per Section 115UB) as per notification 51/2015

In case, dividend income is assessed/taxable in the hands of a person other than the shareholder and TDS is applicable on such dividend, then such shareholder should file declaration with Company in the manner prescribed in Rule 37BA of Income Tax Rules.

Non-resident shareholders:

For a Foreign Portfolio Investor ("FPI"), taxes shall be deducted at source under Section 196D of the IT Act at 20% (plus applicable surcharge and cess).

For other non-resident shareholders, taxes are required to be deducted in accordance with the provisions of Section 195 of the IT Act, at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them.

No tax shall be deducted on the dividend payable to a non-resident shareholder if the Shareholders submits Nil withholding certificate and meets all the required eligibility conditions.

FPI and the non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them.

To avail benefit of rate of deduction of tax at source under DTAA, such FPI / non-resident shareholders will have to provide the following:

a. Self-attested copy of the PAN allotted by the Indian Income Tax authorities.

   In case of non-availability of PAN, following details and documents to be furnished:

   (i) name, e-mail address, contact number;

   (ii) address in the country of which the deductee is a resident;

   (iii) tax residency certificate;

   (iv) Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

b. Tax residency certificate from the jurisdictional tax authorities confirming residential status which covers the period of FY2023-24.

c. Form 10F by the non-resident shareholder filed electronically on Income Tax Portal.

d. Self-declaration by the non-resident shareholder as to:

   - Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder, including having regard to the Principal Purpose Test (if any), introduced in the applicable tax treaty with India;
   - No Permanent Establishment / fixed base in India in accordance with the applicable tax treaty;
   - Shareholder being the beneficial owner of the dividend income to be received on the equity shares;
   - In case of FII and FPI, copy of SEBI registration Certificate.

In case of non-resident shareholders, having permanent establishment in India and classified as "specified person" as per the provisions of Section 206AB, tax will be deducted at a rate higher of:

i. twice the rate as per the relevant provisions of IT Act; or

ii. twice the rate in force; or

iii. 5%.

General:

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the IT Act, we request resident shareholders, FPI and non-resident shareholders to upload the details and documents referred to in this Notice in the specified format and as applicable on the link https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html. No communication on the tax determination / deduction shall be entertained beyond 11:59 p.m. on Friday, July 21, 2023.

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by resident shareholders, to the Company / RTA.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction / withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review of the documents submitted, by FPI / non-resident shareholders to the Company / RTA.

Tax deducted by the Company is final and the Company shall not refund / adjust the tax so deducted subsequently.

16. 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 and elimination of any possibility of loss of documents. Any requests for transfer of securities are not permitted unless the securities are held in dematerialized form with a depository. Further, transmission or transposition of securities held in physical form can be effected only in dematerialized form.

17. Members holding shares in dematerialized form are requested to update with their respective DPs, their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail address and mobile number. Members holding shares in physical form may communicate details to the Company / RTA before the record date, 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.

18. 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.

19. Additional information of Directors seeking appointment / re-appointment at the ensuing AGM, as required under Regulation 36(3) of the SEBI Listing Regulations and Clause 1.2.5 of the SS-2, is annexed to the Notice.

20. In line with MCA Circulars and circulars issued by SEBI, the Notice calling the AGM along with the Integrated Annual Report for FY23 ("Annual Report") is being sent through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. A Member can request for a physical copy of the Annual Report by sending an e-mail to the Company at igrc@ltfs.com. Members may note that the Annual Report will also be available on the website of the Company at https://www.ltfs.com/investors, the website of the stock exchanges i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and https://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 https://www.evotingindia.com.

    For the purpose of receiving the Notice of the AGM and the Annual Report through electronic mode in case the e-mail address is not registered with the respective DPs / Company / RTA, Members may register the e-mail addresses by sending e-mail to the Company at igrc@ltfs.com. Please provide the below mentioned details in the e-mail:

    - For Members holding shares in physical form: folio no., name of shareholder, scanned copy of the share certificate, PAN (self-attested scanned copy of PAN card).
    - For Members holding shares in dematerialized form: DP ID & Client ID, name of the shareholder and PAN.

    Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held in dematerialized form and with Company / RTA in case the shares are held in physical form.

21. All the documents referred in the Notice are available for inspection electronically from the date of dispatch of Notice till Friday, July 28, 2023. Members seeking to inspect such documents are requested to write to the Company at igrc@ltfs.com. Alternatively, all the documents are available for inspection at the Registered Office

of the Company on any working day, between 11:00 a.m. (IST) to 1:00 p.m. (IST).

22. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail address i.e., *igrc@ltfs.com* to enable the investors to register their complaints / send correspondence, if any.

23. **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 on the website of CDSL at *www.evotingindia.com* using the login credentials.

24. **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 *https://www.ltfs.com/investors* 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.

PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM AND E-VOTING DURING THE AGM:

The remote e-voting period begins on July 25, 2023 from 9:30 a.m. (IST) and ends on July 27, 2023 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or dematerialized form, as on the Cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter and the same will be enabled during the AGM for the Members who have not casted their vote through remote e-voting.

The Members who have casted their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

A.1 Procedure and instructions for individual Members holding shares in dematerialized form:

Type of Members	Login Method
Individual Members holding securities in dematerialized form with CDSL	1) Users opting for CDSL's Easi / Easiest facility, can login through their existing User ID and password. Option will be made available to reach e-voting page without any further authentication. The URLs for users to login to Easi / Easiest are *https://web.cdslindia.com/myeasinew/home/login* or *www.cdslindia.com* and click on "Login" icon and select "New System Myeasi". 2) After successful login, the Easi / Easiest user will be able to see the e-voting Menu. On clicking the e-voting menu, the user will be able to see his / her holdings along with links of the respective e-voting service provider ("ESP") i.e., CDSL as per information provided by the Company. Additionally, links are available with the ESPs, so that the user can visit the ESPs site directly. 3) If the user is not registered for Easi / Easiest facility, option to register is available at *https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration* 4) Alternatively, the user can directly access e-voting page by providing DP ID & Client ID and PAN from a link available on *https://evoting.cdslindia.com/ Evoting/ Evoting Login*. The system will authenticate the user by sending OTP on the registered mobile no. & e-mail ID as recorded in the demat account. After successful authentication, the user will be able to see the e-voting option where the e-voting is in progress and also directly access the system of all ESPs.

Type of Members	Login Method
Individual Members holding securities in dematerialized form with NSDL	1) If the user is already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. The URL for using the e-services is *https://eservices.nsdl.com* Once the home page of e-services is launched, the user can click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. A new screen will open. The user will have to enter the User ID and password. After successful authentication, the user will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and the user will be able to see e-voting page. Click on company name or name of the ESP and the user will be re-directed to ESP website for casting vote during the remote e-voting period or joining meeting through VC / OAVM & voting during the AGM. 2) If the user is not registered for IDeAS e-Services, option to register is available at *https://eservices.nsdl.com*. Select "Register Online for IDeAS Portal" or click at *https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp* 3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: *https://www.evoting.nsdl.com* either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. User will have to enter User ID (i.e. sixteen digit demat account number of NSDL), password / OTP and a verification code as shown on the screen. After successful authentication, user will be redirected to NSDL site wherein you can see e-voting page. Click on company name or ESP name and user will be redirected to the website of ESP for casting vote during the remote e-voting period or joining the AGM through VC / OAVM & voting during the AGM.
Individual Members (holding securities in dematerialized form) logging in through their DPs	User can also login using the login credentials of demat account through the user's DP registered with NSDL / CDSL for e-voting facility. After successful login, user will be able to see e-voting option. Once user clicks on the e-voting option, the user will be redirected to NSDL / CDSL Depository site after successful authentication, wherein user can see e-voting feature. Click on company name or name of the ESP and user will be redirected to ESP website for casting vote during the remote e-voting period or for joining the AGM through VC / OAVM & voting during the AGM.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Members holding securities in demat mode for any technical issues related to login through Depository i.e., CDSL and NSDL

Login type	Helpdesk details
Individual Members holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542-43.
Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

A.2 Procedure and instructions for non-individual Members holding shares in dematerialized form and Members holding shares in physical form:

(i) The user should log on to the e-voting website www.evotingindia.com.

(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 no. 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 https://www.evotingindia.com and voted on an earlier resolution of any other company, then your existing password is to be used.

If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(vi) If you are a first time user follow the steps given below:

For Members holding shares in dematerialised form and physical form	
PAN	• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. • Members who have not updated their PAN with the Company / DP are requested to contact the Company through e-mail on igrc@ltfs.com.
Dividend bank details or date of birth (DOB)	• Enter the dividend bank details or DOB (in dd/mm/yyyy format) as recorded in the 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 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 for resolutions of any other company on which they are eligible to vote, provided that the said 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) 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 https://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 will be mapped automatically & can be delink in case of any wrong mapping.
- 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.

- Click on Electronic Voting Sequence Number ("EVSN") of "L&T Finance Holdings Limited".
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the details of the Resolution.
- 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.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

B. Procedure and instructions for Members attending the AGM through VC / OAVM:

(i) The procedure for attending the AGM & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.

(ii) The link for VC/OAVM to attend the AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for e-voting.

(iii) Members are encouraged to join the AGM through laptops / iPads for better experience.

(iv) 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.

(v) 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 e-mail address mentioning their name, DP ID and Client ID / folio no., PAN, mobile number along with their queries at *igrc@ltfs.com* from July 21, 2023 from 9:30 a.m. (IST) to July 24, 2023, 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.

(vi) 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.

(vii) 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.

Members who have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting system, can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL), Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Declaration of Results:

1) The scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and submit, not later than two days of conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairperson of the Company or the person authorized by him, who shall countersign the same.

2) Based on the scrutinizer's report, the Company will submit within two working days of the conclusion of the AGM to the stock exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.

3) The results declared along with the scrutinizer's report, will be hosted on the website of the Company at *https://www.ltfs.com* and on the website of CDSL at *https://www.evotingindia.com* immediately after the declaration of the result by the Chairperson or a person authorised by him in writing and communicated to the stock exchanges.

Important notice to shareholders holding shares in physical form:

SEBI has vide its circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 read with clarificatory Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated December 14, 2021 and Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, introduced common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and nomination. In view of the same, holding shares in physcial form are requested to submit their PAN, full KYC details (postal address with PIN, mobile number, e-mail address, bank details, signature) and nomination details in Form ISR-1 at the earliest. Non-availability of any of the aforesaid documents / details with the Company / RTA on or after October 1, 2023 will result in freezing of the physical shareholders' folios pursuant to the aforesaid SEBI circular.

Shareholders holding shares in physical form are requested to dematerialize their shareholding at the earliest. Any investor service requests including transfer / transmission requests shall be processed in dematerialized form only. Request for dematerialization is required to be submitted to the RTA of the Company.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE DATED JUNE 8, 2023:

The following Explanatory Statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

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 upto 5 consecutive years on passing of a special resolution by the company, based on the report of performance evaluation. Thus, an independent director cannot hold office for more than two consecutive terms of upto 5 years.

Dr. Rajani R. Gupte (DIN: 03172965) was appointed as an Independent Director on the Board of the Company vide resolution passed at the Tenth Annual General Meeting held on August 28, 2018 from June 28, 2018 to June 27, 2023. Dr. Gupte is eligible to be re-appointed as an Independent Director for another term of upto 5 consecutive years.

In accordance with the aforesaid, necessary performance evaluation was carried out. Further, basis the report of the performance evaluation covering various aspects including attendance and level of participation, interpersonal relationship, understanding of the roles and responsibilities, etc. and basis the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company, the Board of Directors at its meeting held on April 28, 2023, approved the re-appointment of Dr. Gupte as an Independent Director of the Company for a second term of 5 consecutive years with effect from June 28, 2023 to June 27, 2028. The re-appointment of Dr. Gupte is subject to the approval by the Members at the ensuing Annual General Meeting by way of a special resolution.

The Company has received a notice in accordance with the provisions of Section 160 of the Act proposing the candidature of Dr. Gupte 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.

Dr. Gupte is the Vice Chancellor of Symbiosis International University, Pune. An academic with over 40 years of experience in teaching, research and administration, she has extensive experience as an institution-builder. She has received several awards for her outstanding contribution to education.

Dr. Gupte is an Independent Director on the Boards of several companies in the financial sector. She has served on various committees of the Confederation of Indian Industries (CII) and University Grants Commission, India. She has been appointed by UGC as a member of the Western Zonal Committee for the implementation of National Education Policy, 2020.

She is part of a Think Tank of eminent economists formed by NITI Aayog and is also a member of NITI Aayog Consultation Group of Experts for the Education Vertical.

A distinguished academic, she received her Doctorate degree in Economics from the prestigious Gokhale Institute of Politics and Economics, Pune.

In the opinion of the Board, Dr. Gupte fulfills the conditions specified in the Act and the SEBI Listing Regulations pertaining to independent directors and is independent of the management. The Company has received a declaration from Dr. Gupte that she is not disqualified to be re-appointed as an Independent Director and is not aware of any circumstances or situation which exists or may be reasonably anticipated that could impar or impact her ability to discharge her duties under the Act and the SEBI Listing Regulations.

The Board believes that the appointment of Dr. Gupte is justified due to the relevant skills, leadership qualities, industry knowledge and experience, expertise, possessed by Dr. Gupte, *inter alia*, in the areas of corporate governance, risk management, information technology and ESG.

The Board is of the view that the Company would greatly benefit from the skills, knowledge and rich and varied experience of Dr. Gupte and accordingly recommends the special resolution set forth in Item No. 4 of the Notice for approval of the Members.

Save and except Dr. Gupte, 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. 4:

With a view to have a single unified operational lending entity within L&T Finance (the financial services arm of L&T) and to reduce the number of non-operating entities with L&T Finance, the Board of Directors of the Company at its Meeting held on January 13, 2023, had approved the amalgamation of L&T Finance Limited ("LTFL"), L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited) ("LTICL"), L&T Mutual Fund Trustee Limited ("LTMFTL") with the Company and arrangement, by way of merger by absorption under the provisions of Sections 230 - 232 read with Section 52 of the Companies Act, 2013 ("Act") and other applicable regulatory requirements (the "Scheme"). LTFL, LTICL and LTMFTL are direct / indirect wholly-owned subsidiaries of the Company.

Pursuant to the Scheme, the Company is required to obtain requisite registrations / licenses from Reserve Bank of India ("RBI") to operate as an NBFC-ICC and also surrender its existing NBFC-CIC registration / license in accordance with the applicable laws.

In light of the aforesaid amalgamation and considering the Lakshya 2026 strategy of the Company to be a top class 'digitally enabled' retail finance company and creating a Fintech@scale, it is proposed to amend the object clause of the Memorandum of Association ("MOA") of the Company and also carry out a few ancillary changes.

The existing main object clause and proposed main object clause are given below (changes are in *italics*):

AMENDMENT TO THE EXISTING CLAUSE III A (1)	
Existing Clause	**Proposed Clause**
To carry on the business of Investment / finance Company and in all its branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, hedge instruments, warrants, certificates, premium notes, Treasury Bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options futures, money market securities, marketable or non- marketable, securities, derivatives, and other instruments and securities issued, guaranteed or given by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, State, Dominion sovereign, Ruler, Commissioner, Public body or authority, Supreme, Municipal, Local or otherwise and other organisations / entities persons to acquire and hold controlling and other interests in the securities or loan capital of any issuer, company or companies.	To carry on the business of a *Non- Banking Financial Company in accordance with the certificate of registration granted by the Reserve Bank of India in all its offices /* branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, hedge instruments, warrants, certificates, premium notes, Treasury Bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options, futures, money market securities, marketable or non-marketable securities, derivatives, and other instruments and securities issued, guaranteed or given by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, State, Dominion sovereign, Ruler, Commissioner, Public body or authority, Supreme, Municipal, Local or otherwise and other organisations / entities persons to acquire and hold controlling and other interests in the securities or loan capital of any issuer, company or companies.

NEW CLAUSE III A (2)	
Existing Clause	**Proposed Clause**
N.A.	To engage in and provide and / or arrange all forms of financial services / assistance in any manner, including through fintech / digital lending / investing platform(s) / any market place, in all permitted forms including through various options, inter alia, credit cards, prepaid cards, stores value cards, debit cards etc., and to undertake all permitted form of fee based activities including but not limited to underwriting, syndication, advisory, insurance, all form of credit enhancement, guarantee and takeout financing, denominated in rupee or such foreign currencies as may be permitted by Government policies / regulatory guidelines, whether independently or in association with any other entities, person(s), Government or any other agencies, whether incorporated or not, whether with or without security to persons (whether or not incorporated) and companies and under such conditions as may be stipulated / permitted by regulatory guidelines from time to time with respect to the NBFC registration.

AMENDMENT TO THE EXISTING CLAUSE III B (2)	
Existing Clause	**Proposed Clause [III B(3)]**
To carry on the business of merchant banking, underwriting, portfolio management services, investment advisory services, financial consultancy, stock broking, asset management, venture capital, custodial services, factoring, credit reference agencies, credit rating agencies, housing finance, foreign exchange broking, credit cards, money changing business, micro credit and ruler credit in accordance with and to the extent permissible under the applicable regulations in respect of each of the above activities in India or elsewhere, and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas.	To carry on the business of merchant banking, underwriting, portfolio management services, investment advisory services, financial consultancy, stock broking, *commodity broking,* asset management, venture capital, custodial services, factoring, credit reference agencies, credit rating agencies, housing finance, foreign exchange broking, credit cards, money changing business, *foreign exchange dealers,* micro credit and *rural* ~~*ruler*~~ credit in accordance with and to the extent permissible under the applicable regulations in respect of each of the above activities in India or elsewhere, and to provide and to engage in all businesses as may be related or ancillary to the aforesaid business areas.
AMENDMENT TO THE EXISTING CLAUSE III B (6)	
Existing Clause	**Proposed Clause [III B(7)]**
To carry on the business as insurance brokers and / or Insurance Agent as per the provisions of the Insurance Regulatory and Development Act, 1999; as amended from time to time, and / or such other activities / businesses as permissible pursuant to the IRDA Act and the Rules / Regulations thereunder.	To carry on the business as insurance brokers and / or Insurance Agent *and / or insurance intermediary and / or act as a corporate agent (composite)* as per the provisions of the *Insurance Act, 1938 /* Insurance Regulatory and Development *Authority* Act, 1999 (*"IRDA Act"*); as amended from time to time, and / or such other activities / businesses as permissible pursuant to the IRDA Act and the Rules / Regulations thereunder.

AMENDMENT TO THE EXISTING CLAUSE III B (7)	
Existing Clause	**Proposed Clause [III B(8)]**
To carry on the business of developing and providing wide range of financial products and services for the purpose of and in relation to the development and establishment of infrastructure projects and facilities.	To carry on the business of developing and providing wide range of financial products and services *as may be permitted.* ~~*for the purpose of and in relation to the development and establishment of infrastructure projects and facilities.*~~
AMENDMENT TO THE EXISTING CLAUSE III B (9)	
Existing Clause	**Proposed Clause [III B(10)]**
To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to the present and / or prospective customers and / or other shaving dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities.	To carry on the business of a loan and finance company and to lend and advance money or give credit to such persons or companies and on such terms as may seem expedient and in particular to the present and / or prospective customers and / or other ~~*shaving*~~ dealings with the Company and to guarantee the performance of any contract or obligation and the payment of money to any such person or companies and generally to give guarantee and indemnities.
AMENDMENT TO THE EXISTING CLAUSE III B (13)	
New Clause	**Proposed Clause [III B(14)]**
To take or otherwise acquire and hold shares, stocks, debentures or other securities of or interests in any other entity including a Company, having purposes altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.	To take or otherwise acquire and hold shares, stocks, debentures or other securities of or interests *or whole or part of the business or all or any part of the property* in any other entity including a ~~c~~*Company*, having purposes altogether or in part similar to those of *the* ~~*this*~~ Company or carrying on any business capable of being conducted so as directly or indirectly to benefit *the* ~~*this*~~ Company.

The Board of Directors at its Meeting held on April 28, 2023 has approved the aforementioned additions / amendments / substitutions to the object clause of the MOA of the Company, subject to the approval of Members of the Company.

A copy of the proposed amended MOA is available for inspection as specified in the Notice.

As per the provisions of Section 13 of the Companies Act, 2013 read with relevant rules made thereunder, a company can alter the provisions of its memorandum, subject to approval of the members by the way of a special resolution.

The Board is of the opinion that the aforementioned changes in the MOA to align with Lakshya 2026 strategy of the Company are in the best interest of the Company and accordingly recommends the special resolution set forth in Item No. 5 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 6:

Regulation 15(1)(e) of the SEBI (Debenture Trustees) Regulations, 1993 provides that it is the duty of the debenture trustee to appoint a nominee director on the Board of the company in the event of:

i. two consecutive defaults in payment of interest to the debenture holders; or

ii. default in creation of security for debentures; or

iii. default in redemption of debentures.

Further, the Securities and Exchange Board of India (“SEBI”) with a view to protect the interests of the debenture holders, vide the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2023 dated February 2, 2023 (“SEBI notification”), has notified that the issuer companies are required to ensure that their Articles of Association (“AOA”) contains a provision to appoint a person nominated by the debenture trustee(s) in terms Regulation 15(1)(e) of the SEBI (Debenture Trustees) Regulations, 1993 as a director on the board of the company. Further, the SEBI notification has mandated that the companies will be required to amend their Articles of Association to comply with the aforesaid provision on or before September 30, 2023.

Considering that the Company is a NBFC and it raises money including through issuance of non-convertible securities from time to time, the Company will be required to amend its AOA to include the aforesaid provision.

Further, pursuant to the provisions of Section 14 of the Companies Act, 2013, alteration of articles requires approval of the members of the company by way of a special resolution at a general meeting.

The Board of Directors at its Meeting held on April 28, 2023 approved the proposed addition to the AOA of the Company, subject to the approval of the Members of the Company.

A copy of the proposed amended AOA is available for inspection as specified in the Notice.

The Board is of the opinion that the aforementioned change is required to be carried out in accordance with the regulatory requirements and accordingly recommends the special resolution set forth in Item No. 6 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

Additional Information of Directors seeking re-appointment / appointment at the Fifteenth Annual General Meeting pursuant to SS-2 and SEBI Listing Regulations:

Name of the Director	Mr. R. Shankar Raman (DIN: 00019798)	Dr. Rajani R. Gupte (DIN: 03172965)
Date of Birth / (Age)	December 20, 1958 (64 years)	November 18, 1955 (67 years)
Qualifications	B. Com from Madras University Chartered Accountant Cost Accountant	M.A. (Economics) M. Phil (Economics) PhD in Economics
Date of first appointment on the Board	May 1, 2008	June 28, 2018
Remuneration	N.A[(1)]	Sitting fees and commission as approved by the Board[(2)]
Experience / brief profile / nature of expertise in specific functional areas	Mr. R. Shankar Raman is a qualified Chartered Accountant and a Cost Accountant. Over the past 39 years, Mr. R. Shankar Raman has worked in varied capacities in the field of finance. Mr. R. Shankar Raman joined L&T group in November 1994 to set up L&T Finance Limited, a wholly owned subsidiary. Over the years, Mr. R. Shankar Raman assumed responsibilities to oversee the entire finance function at the group level including functions like risk management, investor relations, mergers and acquisitions and legal. Mr. R. Shankar Raman was appointed as Chief Financial Officer of Larsen & Toubro Limited in September 2011 and subsequently elevated to the Board on October 1, 2011. Mr. R. Shankar Raman is also on the Board of several companies within the L&T Group. Mr. R. Shankar Raman has been a recipient of several awards such as Best CFO of Asia in the Industrial Sector in a survey conducted by the prestigious New York based Institutional Investor Magazine, winner of Best CFO Awards from CNBC TV18, Financial Express, and Business Today. Mr. R. Shankar Raman is also the recipient of the Life Time Achievement award in the field of Finance from Financial Express.	As mentioned in the explanatory statement.

	Mr. R. Shankar Raman is presently a member of the Advisory Committee to the Insolvency and Bankruptcy Board of India (IBBI) on Corporate Insolvency & Liquidation and also a member of the SEBI - Corporate Bonds and Securitization Advisory Committee (CoBoSAC). He is also a member of CII National Committee on Financial Reporting & CII National Committee for CFOs. Mr. R. Shankar Raman is the past Chairman of the CII's National Committee of CFOs. He was also a member of Uday Kotak's Committee on Corporate Governance constituted by SEBI.	
Terms and conditions of Appointment / re-appointment	Appointed as a Director liable to retire by rotation.	As mentioned in the explanatory statement.
Directorships held in other companies (excluding foreign companies) as on April 28, 2023	1. Larsen and Toubro Limited 2. LTIMindtree Limited 3. L&T Realty Developers Limited 4. L&T Seawoods Limited 5. L&T Metro Rail (Hyderabad) Limited 6. L&T Infrastructure Development Projects Limited	1. L&T Finance Limited 2. National Securities Depository Limited 3. Symbiosis Centre For Entrepreneurship and Innovation
Memberships / Chairpersonship of committees across companies as on April 28, 2023 (only Statutory Committees as required to be constituted under the Act considered)	**A. Audit Committee** 1. L&T Finance Holdings Limited 2. L&T Infrastructure Development Projects Limited 3. LTIMindtree Limited 4. L&T Metro Rail (Hyderabad) Limited **B. Corporate Social Responsibility and ESG Committee** 1. Larsen and Toubro Limited 2. L&T Infrastructure Development Projects Limited 3. L&T Realty Developers Limited 4. L&T Seawoods Limited **C. Nomination and Remuneration Committee** 1. L&T Finance Holdings Limited 2. L&T Infrastructure Development Projects Limited **D. Group Risk Management Committee** 1. L&T Finance Holdings Limited	**A. Audit Committee** 1. L&T Finance Limited 2. National Securities Depository Limited (NSDL) **B. Stakeholder's Relationship Committee** 1. L&T Finance Holdings Limited (C) 2. National Securities Depository Limited (NSDL) (C) **C. Corporate Social Responsibility Committee and ESG Committee** 1. L&T Finance Holdings Limited 2. L&T Finance Limited (C) 3. National Securities Depository Limited (NSDL) (C) **D. Nomination and Remuneration Committee** 1. L&T Finance Holdings Limited 2. National Securities Depository Limited (NSDL) **E. Group Risk Management Committee / Risk Management Committee** 1. L&T Finance Holdings Limited 2. L&T Finance Limited

Listed entities from which the Director has resigned in the past three years	Nil	Nil
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	N.A.	As mentioned in the explanatory statement.
Shareholding in the Company (equity) including shareholding as a beneficial owner as on March 31, 2023	30,080	Nil
Relationship with other Directors / Manager / Key Managerial Personnel	None	None
Number of Board Meetings attended during FY 2022-23	All meetings (i.e. Nine out of Nine meetings)	Seven out of Nine meetings

1) Mr. R. Shankar Raman is in the service of Larsen and Toubro Limited and draws remuneration from Larsen and Toubro Limited. He is not paid any commission or sitting fees separately for attending the meetings of the Board and / or any Committee of the Company.

2) 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 8, 2023
Place: Mumbai

Registered Office:
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

www.ltfs.com
igrc@ltfs.com

CIN:L67120MH2008PLC181833

Scan to download