L&T FINANCE LIMITED

Board's Report

Dear Members,

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

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for FY 2019-20 as compared to the previous FY 2018-19 is given below:

(₹ in Crore)

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Total Income	8,680.30	7,382.59
Less: Total Expenses	7,866.34	6,079.51
Profit before tax / (Loss)	**813.96**	**1,303.08**
Less: Provision for tax	447.67	457.12
Profit after tax/(Loss)	**366.29**	**845.96**
Profit for the period carried to the balance sheet	**366.29**	**845.96**
Add: Balance brought forward from previous year (Deficit) / Surplus	**19.85**	**(386.64)**
Add: Other Comprehensive Income net of Income tax	(3.36)	(1.00)
Appropriations		
Less: Transferred to Special Reserve u/s 45-IC of RBI Act, 1934	73.26	169.19
Less: Dividend paid (including dividend distribution tax)	221.70	231.34
Less: Transfer to Debenture Redemption Reserve	-	16.58
Less: Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	27.52	21.36
Less: Unamortised write down on Investment	-	-
Less: Transition impact of Ind-AS 116	2.06	-
Surplus/ (deficit) in the Statement of Profit and Loss	**58.24**	**19.85**

APPROPRIATIONS

During the year under review, the Company has transferred ₹ 34.27 Crore to General Reserve from Debenture Redemption Reserve. The Company proposes to transfer ₹ 73.26 Crore (previous year ₹ 169.19 Crore) to Special Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934; ₹ 27.52 Crore (previous year ₹ 21.36 Crore) to Special Reserve created under Section 36(1) (viii) of Income Tax Act, 1961. During the year under review, the Company had declared an interim dividend of ₹ 1.15 per equity share aggregating to ₹ 183.90 Crore (excluding Dividend Distribution Tax).

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

PERFORMANCE OF BUSINESSES

Two-Wheeler Finance

The two-wheeler finance is one of the core businesses of the company. FY 2019-20 has been a challenging year for the whole industry with the market seeing a de-growth of 18%. Despite challenging circumstances, L&T Financial Services ("LTFS") posted a figure of ₹ 4,901 Crore in disbursements with a de-growth of just 1%. Better performance of the Company than the industry can be credited to improved focus and robust processes that the Company has indulged in.

The Company book stood at ₹ 6,570 Crore as compared to ₹ 5,739 Crore in FY 2018-19. This has been augmented through improved Original Equipment Manufacturer (OEM) relationships which has helped increase or maintain OEM penetration. A new scheme, 'Sabse Khaas Loan' was introduced to target the financially prudent customers with no hypothecation and lower rate of interest as compared with credit cards. The Company has disbursed amount of ₹ 91 Crore benefiting over 18,000 customers.

Digitization of collections coupled with the already existing Payment Remittance Outlet ("PRO") collections saw a significant improvement in 'Touch free collections' by over 5%. 'Touch free collections' stood at 32% for the FY 2019-20. This has helped to reduce dependency on agencies for collection.

Farm Equipment Finance

The farm equipment industry saw the market de-grow by over 9% in FY 2019-20. With astute business strategies and strong service propositions, LTFS maintained its position as a leading player in the industry with a market share of 14%. The Company ranked first in Bihar and maintained its first position in Karnataka, Telangana, AP and Haryana.

The Company has disbursed ₹ 3,821 Crore in FY 2019-20, which has helped the book to grow to ₹ 8,430 Crore from ₹ 7,362 Crore in FY 2018-19. Refinance business witnessed a surge contributing to 13% of the business helping make up for the industry de-growth. Preferred OEMs also saw a growth in disbursement, contributing 73% of the total disbursement.

Along with the above, the Company has also strengthened its collections infrastructure ensuring GS3 stood strong at 4.42% thereby increasing profitability. 0 DPD stood strong at 84%. FY 2019-20 also registered highest ever collection dues efficiency at 88% with December recording a new high of 91%.

Micro Loan

Micro loans business has been a core business which includes small ticket group loans given to rural women between the age of 18 to 60 years. The Company has maintained its position as one of the largest micro lenders in the country. Over the previous financial year, the Company has disbursed loans worth ₹ 9,884 Crore which has helped increase the book size to ₹ 12,495 Crore. Out of the total disbursements, repeat business constituted 40%. The company introduced the 'Mid-Term Renewal Product Scheme' which contributed ₹ 1,587 Crore towards the business.

The Company's borrower base has increased from 59 Lakh in FY 2018-19 to 64 Lakh in FY 2019-20, hence the growth has been driven by new customer acquisition. Cash evacuation also saw an improvement with T+1 standing at 99% in March 20 as compared to 90% in March 19 thereby reducing the operational risk of fraud / robbery in the meeting centers. Along with the above, the Company has also strengthened its collections infrastructure helping improve GS3 which stood at 2.79% in FY 2019-20 thereby increasing profitability. 0 DPD stood strong at 95%.

Consumer Loan

The Company ventured into the consumer loan segment in September 2019, and has an active customer base of 11,794. Consumer loan leverages the strong two-wheeler customer base and offers personal loans to its prime customers with good payment history. In a short span it has generated business worth ₹ 154 Crore. Book value also remains the same.

Infrastructure Finance

The year FY 2019-20 was impacted by tight liquidity conditions and increase in uncertainty due to Covid-19 pandemic, leading to a slowdown in both disbursements and sell-down activity in the market. The Company's aggregate disbursement in infrastructure domain in FY 2019-20 stood at ₹ 3,164 Crores. The Company's book in the infrastructure finance segment stood at ₹ 5,484 Crore at year end.

The Company continued to focus on its core strength areas in infrastructure finance, where it commands leadership position i.e. renewable energy, roads and transmission. The Company has built sustainable advantages in terms of its strong underwriting ability and sell-down capabilities in its focused infrastructure financing segments. Further, the Company also strategically entered into funding of City Gas Distribution (CGD) project being executed by AG&P group, as a step towards diversification. The Company continues to identify such interesting financing opportunities and formulates appropriate risk-framework for the same.

Asset origination with a clear perspective of 'Churn' has been the underlying objective of the Company. LTFS achieved a key milestone of ₹ 25,000 Crore of cumulative sell down since FY 2016-17. There was a reduction in the overall sell down volumes during the year due to liquidity challenges being faced by Non-Banking Financial Companies and consolidation of PSU banks.

Real Estate Finance

Real estate finance has been one of the chosen growth drivers for Company since April 2016. In FY 2019-20, the real estate finance market saw lesser number of active lenders mainly due to the NBFC liquidity crisis. The Company posted a figure of ₹ 2,877 Crore in disbursements – a de-growth of 39%, mainly owing to strict the underwriting policy adopted. Throughout the year, the Company has continued to support its funded projects through tranche disbursements, because of the importance of project completion.

The Company book stood at ₹ 9,108 Crore as compared to ₹ 10,600 Crore in FY 2018-19. FY 2019-20 has seen a healthy principal pre/repayment to the tune of ~ 24% on the average business assets. The Company sold assets worth ~ ₹ 1,275 Crore and ~ ₹ 600 Crore to asset reconstruction companies and other lending entities respectively.

FINANCIAL PERFORMANCE OF THE COMPANY

The Company's performance during the year under review, in comparison with the year ended March 31, 2019, in spite of the challenging economic environment and slowdown in several sectors is summarised as follows:

- Momentum in overall disbursement growth with focus on high yield products led to revenue growth with income from operations growing from ₹ 7,182.81 Crore in the year ended March 31, 2019 to ₹ 8,446.11 Crore during the year under review. Total income has also grown from ₹ 7,382.59 Crore to ₹ 8,680.30 Crore in the same period.

- Net loan book size reduced from ₹ 47,113.67 Crore as at March 31, 2019 to ₹ 43,891.22 Crore as at March 31, 2020.

- Profit before Tax reduced from ₹ 1,303.08 Crore in FY 2018-19 to ₹ 813.96 Crore in FY 2019-20.

- Profit after Tax reduced from ₹ 845.96 Crore in FY 2018-19 to ₹ 366.29 Crore in FY 2019 - 20.

- Net worth of the Company as on March 31, 2020 was ₹ 8,840.38 Crore vis-à-vis ₹ 8,887.64 Crore as on March 31, 2019.

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

During the year under review the Company had declared an interim dividend @ ₹ 1.15 per equity share on 1,59,91,38,199 equity shares aggregating to a total of ₹ 183.90 Crore (excluding dividend distribution tax).

No final dividend has been recommended for the year ended March 31, 2020, as the Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company.

CREDIT RATING

During the year under review, CRISIL Limited ("CRISIL") assigned a new rating to the debt instruments of the Company. Furthermore, CARE Ratings Limited ("CARE"), India Ratings and Research Private Limited ("India Ratings") and ICRA Limited ("ICRA") have reviewed the ratings on various debt instruments of the Company.

CRISIL assigned its "CRISIL AAA/Stable" (Triple A; Outlook: Stable by CRISIL) rating to the Secured Redeemable Non-Convertible Debentures ("NCDs"), Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue) and long-term bank borrowings of the Company. CRISIL also assigned 'CRISIL A1+" rating to the Commercial Papers ("CPs") issued by the Company.

CARE has reaffirmed its long-term rating of "CARE AAA/Stable" (Triple A; Outlook: Stable by CARE) on the outstanding rated issues of NCDs, Secured NCDs (Public Issue), Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue), Unsecured Redeemable NCDs (Subordinated Debt) and long-term bank borrowings. CARE assigned a rating of "CARE AAA/Stable" (Triple A; Outlook: Stable by CARE) to the Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue) of the company. The rating on the Unsecured NCDs issued by the Company, in the nature of perpetual debt, was reaffirmed at "CARE AA+/Stable" (Double A plus; Outlook: Stable by CARE). CARE has also reaffirmed the rating on the Principal Protected Market-linked Debenture at "CARE PP-MLD AAA/Stable" (Principal Protected Market-linked Debenture Triple A; Outlook: Stable by CARE) issued by the Company. CARE has also reaffirmed the rating assigned to the CPs issued by the Company at "CARE A1+" (A One Plus by CARE).

India Ratings has reaffirmed its rating of "IND AAA/Stable" (Triple A; Outlook: Stable by India Ratings) to the NCDs and Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue) issues of the Company. India ratings assigned a rating of "IND AAA/Stable" (Triple A; Outlook: Stable by India Ratings)" to Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue).

ICRA has reaffirmed its long-term ratings on the outstanding rated issues of NCDs, Secured

NCDs (Public Issue) Secured NCDs (Public Issue) and / or Unsecured Subordinated NCDs (Public Issue), Unsecured Redeemable NCDs (Subordinated Debt) and long-term bank borrowings at "ICRA AAA" (Triple A by ICRA), while the outlook on these debt instruments was revised to 'Negative' from 'Stable'. The ratings on the unsecured NCDs, in the nature of perpetual debt, has also been reaffirmed at "ICRA AA+" (Double A Plus by ICRA) and the outlook was revised to 'Negative' from 'Stable'. ICRA's rating on the Principal Protected Market-linked Debenture has been reaffirmed at "PP-MLD [ICRA] AAA" (Principal Protected Market-linked Debenture Triple A by ICRA) and the outlook was revised to 'Negative' from 'Stable'. ICRA has also reaffirmed the rating assigned to the CPs issued by the Company at "ICRA A1+" (ICRA A One Plus).

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

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

RESOURCES

During the year under review, the Company met its funding requirements through issuance of NCDs (private placement and public issue), CPs, Inter Corporate Deposits ("ICDs"), Corporate Bond Repo, Treps (CBLO) and borrowings from bank including Priority Sector Loans.

During the year under review, the Company has raised funds through public issue of NCDs as per the details below:

Date of opening of Issue	Amount raised (₹ in Crore)	Allotment Date
April 8, 2019	1,000	April 15, 2019
December 16, 2019	1,408	December 23, 2019

During the year under review, the net borrowings have decreased from ₹ 10,877.46 Crore as at March 31, 2019 to ₹ 3,083.43 Crore as at March 31, 2020.

The aggregate debt outstanding as on March 31, 2020 was ₹ 43,252.45 Crore.

SHARE CAPITAL

During the year under review, the Company did not issue any further capital.

As on March 31, 2020, the authorised share capital of the Company was ₹ 26,64,30,96,100 (Rupees Two Thousand Six Hundred and Sixty Four Crore Thirty Lakh Ninety Six Thousand One Hundred Only) divided into 2,65,43,09,610 (Two Hundred and Sixty Five Crore Forty Three Lakh Nine Thousand Six Hundred and Ten) Equity Shares of ₹ 10 (Rupees Ten Only) each and 10,00,000 (Ten Lakh) Redeemable Cumulative Preference Shares of ₹ 100 (Rupees One Hundred Only) each.

As on March 31, 2020, the paid up equity share capital of the Company was ₹ 15,99,13,81,990 (Rupees One Thousand Five Hundred and Ninety Nine Crore Thirteen Lakh Eighty One Thousand Nine Hundred and Ninety Only) divided into 1,59,91,38,199 (One Hundred and Fifty Nine Crore Ninety One Lakh Thirty Eight Thousand One Hundred and Ninety Nine) Equity Shares of ₹ 10 each.

FIXED DEPOSITS

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

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") with an appropriate combination of Executive Director, Non-Executive Directors and Independent Directors.

During the year under review, Mr. Ashish Kotecha, Non-Executive Director, resigned from the Board with effect from April 28, 2019, to devote time to other commitments.

The Board places on record its appreciation for the valuable services rendered by Mr. Ashish Kotecha during his tenure as the Director of the Company.

During the year under review, the Company appointed Mr. Rishi Mandawat as a Non-Executive Director, in accordance with provisions of Sections 152, 160 and 161 of the Act with effect from April 28, 2019, pursuant to approval of the Members at the Twenty Sixth Annual General Meeting ("AGM") held on July 26, 2019.

During the year under review, the Company appointed Mr. Sunil Prabhune as the Whole-time Director in accordance with provisions of Sections 152, 160, 161, 196, 197, 198, 203 and Schedule V of the Act with effect from February 11, 2020 to hold office for a term of 5 years i.e. February 11, 2020 to February 10, 2025 and the said appointment was approved by the Members at the Extra Ordinary General Meeting ("EGM") held on March 20, 2020 and he will be liable to retire by rotation.

Dr. Rajani R. Gupte was appointed as Independent Director of the Company at the EGM held on April 10, 2015 for a term of 5 consecutive years upto March 31, 2020. Pursuant to the provisions of Section 149 of the Act read with relevant rules made thereunder, an Independent Director can hold the office for a term of upto 5 consecutive years on the Board of a company, but is eligible for reappointment on passing of a special resolution by the company, based on the report of evaluation of their performance, for another term of upto 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, Dr. Rajani R. Gupte was re-appointed as an Independent Director for a second term of upto 5 consecutive years with effect from April 1, 2020 to March 31, 2025 pursuant to the approval of the Board at its meeting held on March 20, 2020 and approval of the Members by way of a Special Resolution at the EGM of the Company held on March 20, 2020.

As on the date of this report, the Board comprises the following Directors:

Name of Director	Designation
Mr. Dinanath Dubhashi	Non-Executive Director & Chairperson
Mr. P. V. Bhide	Independent Director
Dr. Rajani R. Gupte(1)	Independent Director
Mr. Rishi Mandawat(2)	Non Executive Director
Mr. Sunil Prabhune(3)	Whole-time Director

Notes:
(1) Re-appointed as an Independent Director with effect from April 1, 2020
(2) Appointed as a Director with effect from April 28, 2019
(3) Appointed as the Whole-time Director with effect from February 11, 2020

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

The terms and conditions of appointment of Independent Directors are available on the website of the Company viz. www.ltfs.com.

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

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

All Independent Directors have submitted the declaration of compliance of sub-rule (1) and sub-rule (2) of rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the Board.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

All the Directors meet the fit and proper criteria stipulated by the Reserve Bank of India ("RBI"). All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

During the year under review, Mr. Sunil Prabhune was appointed as an additional Director (Whole-time Director) on the Board of the Company with effect from February 11, 2020 to hold office for a term of 5 years and consequently, he ceased to be the Manager of the Company.

As on March 31, 2020, the Company had the following KMPs:

- Mr. Sunil Prabhune – Whole-time Director
- Mr. Manish Jethwa – Head-Accounts (discharging functions of the Chief Financial Officer)
- Mr. Gufran Ahmed Siddiqui – Company Secretary

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

A) Background

Section 178 of the Act requires the Nomination and Remuneration Committee ("NRC") of the Company to formulate a Policy relating to the remuneration of the Directors, Senior Management / KMPs and other employees of the Company and recommend the same for approval of the Board.

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

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, Senior Management, KMPs and other employees which is available on the website of the Company viz. www.ltfs.com.

B) Brief framework of the Policy

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

C) Appointment of Director(s) - Criteria Identification

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

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

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

The 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 made thereunder. The NRC ensures that a person does not occupy the position as Managing Director / Whole-time Director beyond the age of seventy years, unless the appointment is approved by a special resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D) Evaluation Criteria of Directors and Senior Management / KMPs / Employees

• Independent Directors / Non-Executive Directors

The NRC carries out evaluation of performance of Independent Directors / Non-Executive Directors every year ending March 31 on the basis of the following criteria:
a) Membership & Attendance – Committee and Board Meetings;
b) Contribution during such meeting;
c) Active participation in strategic decision making;
d) Inputs to executive management on matters of strategic importance;
e) Such other matters as the NRC / Board may determine from time to time.

• Executive Directors

The NRC carries out evaluation of performance of Executive Directors ("EDs"), if any, 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 each ED. The identified KPIs for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

• Senior Management/ KMPs/ Employees

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

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

E) Criteria for Remuneration

The NRC, while determining the criteria for remuneration for Directors, Senior Management / KMPs and other employees ensures that:

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

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

c) remuneration to Directors, Senior Management 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.

During the year under review, no changes were carried out to the Policy.

PERFORMANCE EVALUATION

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

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual Directors has to be made. It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors / Non-Executive Directors and the Chairperson. The process of the annual performance evaluation broadly comprises the following:

a. Board and Committee Evaluation:

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

b. Independent / Non-Executive Directors' Evaluation:

Evaluation done by Board Members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding Company and individual feedback provided to each Director.

c. Chairperson / Whole-time Director Evaluation:

Evaluation as done by the individual directors is submitted to the Chairperson of NRC of L&T Finance Holdings Limited, the holding Company and individual feedback is provided to the Chairperson / Whole-time Director.

CORPORATE GOVERNANCE

It has always been the Company’s endeavour to excel through better Corporate Governance and fair and transparent practices. The report on Corporate Governance for FY 2019-20 is appended as **Annexure A** to this Report.

In accordance with the master circular issued by RBI on Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, the Company has adopted the internal guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twenty Third AGM held on June 15, 2016, had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Statutory Auditors of the Company for a term of five years i.e. from the conclusion of Twenty Third AGM till the conclusion of the Twenty Eighth AGM.

AUDITORS' REPORT

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

SECRETARIAL AUDIT

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

REPORTING OF FRAUDS BY AUDITORS

There were no frauds reported by the Auditors of the Company under Section 143(12) of the Act to the Audit Committee ("AC").

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 Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said annexure is available for inspection by the Members at the registered office of the Company during business hours on working days of the Company till the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the registered office address.

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

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

The Company being an NBFC, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

During the year under review, there were no foreign exchange earnings (previous year also Nil). The expenditure in foreign currency was ₹ 82.50 Crore (previous year ₹ 5.43 Crore) for professional fees and license fees.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. It has no subsidiary or joint venture company. The Company holds 26% of equity shares of Grameen Capital India Private Limited and 28.29% of equity shares of L&T Infra Debt Fund Limited, which are the associate companies. As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the performance, financial position and contribution of associates of the Company has been appended as **Annexure D** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance to provisions of Section 134(5) of the Act, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the Directors have prepared the annual accounts on a going concern basis;

5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The IA function of LTFS monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. Based on the report of the IA function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the AC of the Company from time to time.

BOARD MEETINGS

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

The Agenda for the Meetings were circulated to the Directors well in advance. Further, the Minutes of the Meetings of the Board of Directors were also circulated amongst the Members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an AC in terms of the requirements of the Act and RBI directions. The details of the same are disclosed in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has adopted a Vigil Mechanism Framework ("Framework"), under which the Whistle Blower Investigation Committee ("the Committee") has been set up. The objective of the Framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations. The Chief Internal Auditor of LTFS acts as an Ombudsman. The role of Ombudsman is to review the grievance at the initial stage and in case the grievance is material, the same is investigated through appropriate delegation. After investigation, the complaint with investigation report is forwarded to the AC / Managing Director / Whole-time Director / Whistle Blower Investigation Committee as the case may be. At the AC, brief update is presented to the Members for their review. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

The mechanism framed by the Company is in compliance with requirements of the Act and available on the website viz. www.ltfs.com.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE OR GUARANTEE OR SECURITY PROVIDED BY THE COMPANY

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved a policy on transactions with related parties ("RPT Policy") pursuant to the recommendation of the AC. The RPT Policy is also available on the website of the Company viz. www.ltfs.com. The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval, irrespective of its materiality. The AC, also approves any subsequent modification in the RPTs. All RPTs irrespective of whether they are in the ordinary course of business or at an arm's length basis requires approval of AC. The process of approval of RPTs by the Board and Shareholders is as under:

  a) Board:

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

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

  b) Shareholders

  All Material RPTs requires prior approval of the shareholders, based on recommendation of the Board, through an 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 to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

- All RPTs that were entered into during FY 2019-20 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention to notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has in place a Risk Management Policy covering identification, assessment, measurement, mitigation and monitoring of all the key risks faced by the Company. This policy has been approved by the Board and is subjected to its review at annual frequency at the minimum. The Risk Management Committee assists the Board in providing oversight on the implementation of risk management framework laid down in the policy.The Risk Management framework is also covered in more detail in Management Discussion & Analysis report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, the Company has constituted an Internal Complaints

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

During the year under review, the Company had received three complaints and the same have been resolved.

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The extract of the Annual Return in Form MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014, is appended as **Annexure F** to this Report.

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

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 the RBI / any other Regulators during the year under review.

RBI REGULATION

The Company has complied with all the requirements prescribed by RBI, from time to time, as applicable to it.

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.

The Board of Directors of the Company has approved the amalgamation of L&T Housing Finance Limited and L&T Infrastructure Finance Company Limited i.e. the two wholly owned subsidiaries of the Company's holding company i.e. L&T Finance Holdings Limited with the Company by way of merger by absorption under the provisions of Sections 230 - 232 of the Act (including the rules thereunder) and other relevant provisions of the Act, subject to sanction by the National Company Law Tribunal ("NCLT") and regulatory approvals, if any.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Dinanath Dubhashi
Chairperson
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this report, the Board comprises of 5 (five) Directors viz. Mr. Dinanath Dubhashi, Mr. P. V. Bhide, Dr. Rajani R. Gupte, Mr. Sunil Prabhune and Mr. Rishi Mandawat. Mr. Dinanath Dubhashi is the Non-Executive Chairperson, Mr. P. V. Bhide and Dr. Rajani R. Gupte are the Independent Directors, Mr. Sunil Prabhune is the Whole Time Director and Mr. Rishi Mandawat is the Non-Executive Director on the Board.

During the year under review, Mr. Ashish Kotecha, stepped down as Director with effect from April 28, 2019 to devote time to other commitments.

The Company had appointed Mr. Rishi Mandawat as a Non-Executive Director, in accordance with the provisions of Sections 152, 160 and 161 of the Companies Act, 2013 ("the Act") with effect from April 28, 2019 pursuant to approval of the Members at the Twenty Sixth Annual General Meeting ("AGM") held on July 26, 2019 and he is not liable for retirement by rotation.

During the year under review, the Company appointed Mr. Sunil Prabhune as the Whole -time Director of the Company in accordance with the provisions of Sections 152, 160, 161, 196, 197, 198, 203 and Schedule V of the Act with effect from February 11, 2020 and the said appointment was approved by the Members at the Extra ordinary General Meeting ("EGM") held on March 20, 2020 and he is liable to retire by rotation.

The Board at its meeting held on March 20, 2020 approved the re-appointment of Dr. Rajani R. Gupte, whose first term as an Independent Director expired on March 31, 2020, as an Independent Director for a second term of upto 5 consecutive years from April 1, 2020 to March 31, 2025, in accordance with provisions of Sections 149 of the Act. The said re-appointment is based on the performance evaluation and the recommendation of Nomination and Remuneration Committee of the Company. Further, the Members approved the said appointment by a special resolution at the EGM held on March 20, 2020.

During the year under review, 5 (five) meetings of the Board of Directors were held on April 28, 2019, July 19, 2019, October 18, 2019, January 17, 2020 and March 20, 2020.

The details of the attendance of the Members of the Board at the Meetings held during the year under review are as follows:

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held/ conducted during the tenure of the Director / year	No. of Board Meetings attended
Mr. Dinanath Dubhashi	03545900	C-NED	5	5
Mr. P. V. Bhide	03304262	ID	5	4
Dr. Rajani R. Gupte (1)	03172965	ID	5	3
Mr. Ashish Kotecha (2)	02384614	NED	1	0

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held/ conducted during the tenure of the Director / year	No. of Board Meetings attended
Mr. Rishi Mandawat (3)	07639602	NED	5	5
Mr. Sunil Prabhune (4)	07517824	WTD	1	1

Notes:
(1) Re-appointed as an Independent Director with effect from April 1, 2020
(2) Ceased to be a Director with effect from April 28, 2019
(3 Appointed as a Director with effect from April 28, 2019
(4) Appointed as the Whole-time Director with effect from February 11, 2020

C - Chairperson, ID - Independent Director, NED - Non-Executive Director, WTD – Whole time Director

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The 4 (four) core committees constituted by the Board under the Act are:

• Audit Committee
• Nomination and Remuneration Committee
• Corporate Social Responsibility Committee
• Stakeholders Relationship Committee

The Board has additionally constituted a Committee of Directors to handle the operational issues.

The details of various Committees of the Company and their composition, as on the date of the report, are as under:

1) Audit Committee ("AC")

Terms of reference:

The role of the AC includes the following:

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

iii. Examining the financial statement and the auditors' report thereon;

iv. Approval or any subsequent modification of transactions of the Company with related parties;

v. Scrutiny of inter-corporate loans and investments;

vi. Valuation of undertakings or assets of the Company, wherever it is necessary;

vii. Evaluation of internal financial controls and risk management systems;

viii. Monitoring the end use of funds raised through public offers and other related matters;

ix. Functioning of the Vigil Mechanism Framework of the Company;

x. Full access to information contained in the records of the Company and external professional advice;

xi. Investigation of any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;

xii. 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;

xiii. Recommendation of appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;

xiv. Discussion with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and reviewing the half yearly and annual financial statements before submission to the Board and ensuring compliance of internal control system;

xv. Ensuring Information system audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI;

xvi. Recommendation on financial management including audit report which shall be binding on the Board;

xvii. Investigation 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;

xviii. 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.

The Board had duly accepted the recommendations made by the AC from time to time.

Composition:

The AC has been set up pursuant to the provisions of Section 177 of the Act, as well as the RBI directions for Non-Banking Financial Companies ("NBFCs"). The AC on March 31, 2020 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. V. Bhide	Chairperson	ID
Dr. Rajani R. Gupte (1)	Member	ID
Mr. Dinanath Dubhashi	Member	NED

Note:
(1) Re-appointed as an Independent Director with effect from April 1, 2020

Meetings and Attendance:

The AC met 5 (five) times during the year on April 26, 2019, July 18, 2019, October 18, 2019, January 17, 2020 and March 20, 2020. The details of attendance of the Members at the meetings are as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Director / year	No. of Meetings attended
Mr. P. V. Bhide	5	4
Dr. Rajani R. Gupte (1)	5	4
Mr. Dinanath Dubhashi	5	5

Note:
(1) *Re-appointed as an Independent Director with effect from April 1, 2020*

2) Nomination and Remuneration Committee ("NRC")

Terms of reference:

The role of the NRC includes the following:

i. Identify persons who are qualified to become director and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of Board and Committees.

ii. Formulate 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.

iii. Ensure that:

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

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

   c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

iv. Ensure fit and proper status of existing / proposed reference directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment / continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.

v. Undertake process of due diligence at the time of initial appointment and also prior to reappointment.

vi. Decide based on the information provided in the declaration, the acceptance (and / or otherwise) and make references where considered necessary to the appropriate person / authority to ensure their compliance with the requirements indicated.

vii. Obtain annual declaration confirming that the information already provided had not undergone change and if there is any change requisite details would be furnished by the directors forthwith.

viii. Focus on evaluating senior level employees their remuneration, promotion etc.

Composition:

The Company has constituted the NRC in accordance with the requirements of the Act read with the rules made there under. The Committee has formulated a policy on fit & proper criteria for Directors appointment and policy on Directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The NRC as on March 31, 2020 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. V. Bhide	Chairperson	ID
Dr. Rajani R. Gupte (1)	Member	ID
Mr. Dinanath Dubhashi	Member	NED

Note:
(1) Re-appointed as an Independent Director with effect from April 1, 2020

Meetings and Attendance:

The NRC met 2 (two) times during the year on October 18, 2019, January 17, 2020. The details of attendance of the Members at the meetings are as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Director / year	No. of Meetings attended
Mr. P. V. Bhide	2	2
Dr. Rajani R. Gupte (1)	2	2
Mr. Dinanath Dubhashi	2	2

Note:
(1) Re-appointed as an Independent Director with effect from April 1, 2020

3) Corporate Social Responsibility ("CSR") Committee

Terms of reference:

The role of the CSR Committee includes the following:

i. Formulation of CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board;

ii. Determining the amount to be spent on CSR from time to time and recommend the same to the Board;

iii. Monitoring the CSR Policy of the Company from time to time.

Composition:

The CSR Committee as on March 31, 2020 comprises the following:

Name of the Director	Designation in the committee	Nature of Directorship
Dr. Rajani R. Gupte (1)	Chairperson	ID
Mr. P.V. Bhide	Member	ID
Mr. Dinanath Dubhashi	Member	NED

Note:
(1) Re-appointed as an Independent Director with effect from April 1, 2020

Meetings and Attendance:

The CSR Committee met once during the year on April 26, 2019. The details of attendance of the Members at the meetings are as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Director / year	No. of Meetings attended
Dr. Rajani R. Gupte (1)	1	1
Mr. P.V. Bhide	1	1
Mr. Dinanath Dubhashi	1	1

Note:
(1) Re-appointed as an Independent Director with effect from April 1, 2020

4) Stakeholders Relationship Committee ("SRC")

Terms of reference:

The role of the Committee inter-alia is to consider and resolve the grievances of the debenture holders and any other security holders from time to time.

Composition:

The SRC as on March 31, 2020 comprises the following:

Name of the Director / Member	Designation in the Committee	Nature of Directorship
Mr. Dinanath Dubhashi	Chairperson	NED
Mr. Sunil Prabhune (1)	Member	WTD
Mr. Sachinn Joshi	Member	-

Note:
(1) Appointed as the Whole-time Director with effect from February 11, 2020

Meetings and Attendance:

The Committee met 2 (two) time during the year on April 25, 2019 and March 19, 2020. The details of attendance of the Members at the meetings are as follows:

Name of the Director / Member	No. of Meetings held / conducted during the tenure of the Director / Member / year	Number of Meetings attended
Mr. Dinanath Dubhashi	2	2
Mr. Sunil Prabhune (1)	2	2
Mr. Sachinn Joshi	2	2

Note:
(1) Appointed as the Whole-time Director with effect from February 11, 2020

5) Committee of Directors ("COD")

Terms of Reference:

The COD is entrusted with the powers of general management of the affairs of the Company.

Composition:

The COD as on March 31, 2020 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Dinanath Dubhashi	Chairperson	NED
Mr. Rishi Mandawat (1)	Member	NED
Mr. Sunil Prabhune (2)	Member	NED

Notes:

(1) *Appointed as a Member of the Committee with effect from April 28, 2019*

(2) *Appointed as a Member of the Committee with effect from February 11, 2020*

Meetings and Attendance:

The Committee met once during the year on January 17, 2020. The attendance of the Members at the meetings are as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of the Director / year	Number of Meetings attended
Mr. Dinanath Dubhashi	1	1
Mr. Rishi Mandawat (1)	1	1
Mr. Sunil Prabhune (2)	-	-
Dr. Rajani R. Gupte (3)	1	1

Notes:

(1) *Appointed as a Member of the Committee with effect from April 28, 2019*

(2) *Appointed as a Member of the Committee with effect from February 11, 2020*

(3) *Ceased to be a Member of the Committee with effect from February 11, 2020*

MEETING OF INDEPENDENT DIRECTORS

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met once on October 18, 2019 pursuant to the provisions of the Act.

REMUNERATION OF DIRECTORS

The Non-Executive Directors (except those Directors who are in the services of L&T Financial Services) are paid sitting fees for attending the meetings of the Board and / or any Committee thereof and commission on net profits.

REMUNERATION TABLE

The details of remuneration payable/paid to the Directors for the year ended March 31, 2020 are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meetings	Sitting fees for Committee Meetings	Commission	Total
Mr. P. V. Bhide	2,00,000	2,60,000	10,04,000	14,64,000

Name of the Director	Sitting Fees for Board Meetings/ Independent Director Meetings	Sitting fees for Committee Meetings	Commission	Total
Dr. Rajani R. Gupte [1]	1,60,000	3,00,000	9,60,000	14,20,000
Mr. Ashish Kotecha [2]	-	-	-	-
Mr. Rishi Mandawat [3]	2,00,000	80,000	7,56,000	10,36,000

Notes:

(1) *Re-appointed as an Independent Director with effect from March 20, 2020*
(2) *Ceased to be a Director with effect from April 28, 2019*
(3) *Appointed as a Director with effect from April 28, 2019*

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board Members about the restriction on number of other directorships and expects them to comply with the same.

RESPONSIBILITIES OF THE BOARD

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors an opportunity to interact with the senior management and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

The Company ensures necessary training to the Directors relating to its business through formal / informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge the duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

DISCLOSURES

During the financial year ended March 31, 2020:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since the introduction of the Companies Act, 2013, the Company has implemented all sections as applicable to it and accordingly, it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

DEBENTURE TRUSTEE

The debenture trustees of the Company are:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17,
R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.
Tel: +91 020 2528 0081
Fax: +91 020 2528 0275

E-mail: itsl@idbitrustee.com
Website: http://www.idbitrustee.com

Catalyst Trusteeship Limited
GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038.
Tel: +91 020 2528 0081
Fax: +91 020 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

MEANS OF COMMUNICATION

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submits half yearly communication to Stock Exchanges as per the requirements of the Uniform Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Report is displayed on the website of the Company viz. www.ltfs.com.

For and on behalf of the Board of Directors

Dinanath Dubhashi
Chairperson
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

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

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

L&T FINANCE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T FINANCE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), ***as applicable*:-**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **presently the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently the Securities and Exchange Board of India(Share Based Employee Benefits) Regulations, 2014;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **presently the Securities and Exchange Board of India(Buyback of Securities) Regulations,2018;**

(vi) Other specific business/industry related laws that are applicable to the company, viz.

- **NBFC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc.**

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

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

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**, **as amended from time to time and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable.

- **Uniform Listing Agreement with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE);**

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of 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 meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

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

a) Issue of Non-convertible Debentures, Series 'A' to Series 'F', aggregating ₹ 1,450 Crore on a private placement basis.

b) Issue/ Allotment of Secured Redeemable Non-Convertible Debentures ("NCDs") by way of a Public Issue:

- **Shelf Prospectus with shelf limit for issuance of NCDs of up to ₹ 5,000 Crore in tranches was approved by Committee of Directors of the Company on February 22, 2019. Tranche 2 Prospectus for issue of NCDs for an amount of ₹ 500 Crore, with an option to retain oversubscription up to ₹ 500 Crore, aggregating to up to 1,00,00,000 NCDs, was approved by the Registrar of Companies, West Bengal on April 1, 2019 and taken on record by National Stock Exchange Limited and BSE Limited and other regulatory authorities as required under applicable laws. In terms of the Tranche 2 Prospectus, Company had allotted NCDs aggregating to ₹10,00,00,00,000 on April 15, 2019.**

- **Shelf Prospectus with shelf limit for issuance of NCDs of up to ₹ 5,000 Crore in tranches was approved by Committee of Directors of the Company on November 26, 2019. Tranche 1 Prospectus for issue of NCDs for an amount of ₹ 500 Crore, with an option to retain over-subscription up to ₹ 1,000 Crore, aggregating to up to 15,00,000 NCDs, was approved by the Registrar of Companies, West Bengal on December 11, 2019 and taken on record by National Stock Exchange Limited and BSE Limited and other regulatory authorities as required under applicable laws. In terms of the Tranche 1 Prospectus, Company had allotted NCDs aggregating to ₹ 14,07,87,36,000 on December 23, 2019.**

(ii) Redemption/buy-back of securities–

- **Non-Convertible Debentures redeemed during FY 2019-20 is ₹ 5,286.15 Crore and buy back of Non–Convertible Debentures is ₹ 3 Lakhs.**

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013-

- **Revision in Borrowing limits of the Company not exceeding ₹ 64,000 Crore, at the Extraordinary General Meeting held on April 3, 2019, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**

- **Revision in Borrowing limits of the Company not exceeding ₹ 70,000 Crore, at the Extraordinary General Meeting held on August 14, 2019, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**

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

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

NAINA R DESAI
Practising Company Secretary
Membership No. F1351
Certificate of Practice No.13365
Peer Review Certificate No.590/2019
UDIN: **F001351B000186679**

Place: Mumbai
Date: April 29, 2020

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 A’

To,

The Members
L&T FINANCE LIMITED

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

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

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

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

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

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

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

NAINA R DESAI
Practising Company Secretary
Membership No. F1351
Certificate of Practice No.13365
Peer Review Certificate No.590/2019
UDIN: **F001351B000186679**

Place: Mumbai
Date: April 29, 2020

PARTICULARS OF EMPLOYEES

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

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)</td><td colspan="2">N.A.(2)</td></tr>
<tr><td>2</td><td>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)</td><td colspan="2">Manager – 17%
Whole-time Director – N.A. (2)
Chief Financial Officer (Head-Accounts) - 20%
Company Secretary - 5%</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year.</td><td colspan="2">The median remuneration of employees in the financial year was increased by 10%</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of Company.</td><td colspan="2">22,359</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">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.</td><td>Employees other than managerial personnel</td><td>Managerial personnel</td></tr>
<tr><td>12%</td><td>N.A.</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per remuneration policy of the Company</td><td colspan="2">We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.</td></tr>
</table>

Notes:

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

(2) Mr. Sunil Prabhune was appointed as the Whole-time Director of the Company and ceased to be the Manager with effect from February 11, 2020, i.e. Mr. Prabhune was the executive director only for the part of the year and therefore a disclosure of the ratio for FY 2019-20 would not be a correct representation.

For and on behalf of the Board of Directors

Dinanath Dubhashi
Chairperson
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

FORM AOC-1

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

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

Part: A: Subsidiaries: Not Applicable

Part: B: Associates and Joint Ventures

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

Sr. No.		1	2
Name of Associates		**Grameen Capital India Private Limited**	**L&T Infra Debt Fund Limited**
1.	Latest audited Balance Sheet Date	31st March 2019	31st March 2020
2.	Date on which the Associate or Joint Venture was associated or acquired	-	-
3.	Shares of associates held by the Company as at March 31, 2020	-	-
	Number of Shares	21,26,000	138,652,953
	Amount of investment in Associates (₹ in Crore)	2.13	176.50
	Extend of Holding %	26%	28.29%
4.	Description of significant influence	26% of Shareholding	28.29% of Shareholding
5.	Reason of non consolidation of the associate	Not Applicable	-
6.	Net worth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Crore)	Not Applicable	359.99
7.	Profit/ Loss for the year 2019-20		
	i. Considered in Consolidation (₹ in Crore)	-	60.25
	ii. Not Considered in Consolidation (₹ in Crore)	-	-

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

Names of associates or joint ventures which have been liquidated or sold during the year: NIL

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

Dinanath Dubhashi
Chairperson
(DIN: 03545900)

Manish Jethwa
Head – Accounts

Gufran Ahmed Siddiqui
Company Secretary

Place: Mumbai
Date: June 30, 2020

L&T Finance Limited

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

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

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

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

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Digital Financial Inclusion, Disaster Relief, Integrated Water Resource Management and Road Safety. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at www.ltfs.com.

2) Composition of the CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years is ₹ 590.73 Crore.

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

Particulars	Amount (₹ in Crore)
Prescribed CSR Expenditure	11.81
Amount spent as CSR	11.81
Amount unspent	Nil

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

(₹ in Crore)

Sr. No.	CSR Project or Activity Identified	Sector in which Project is covered	Projects or Programme Coverage	Amount Outlay (budget) project or Programmes wise	Amount Spent on the Projects or Programmes. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1	**Digital Sakhi - Tamil Nadu** • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Tamil Nadu • Inclusion of 500 women (micro-entrepreneurs) in digital payments space	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development	**State:** Tamil Nadu **District:** Villupuram	0.99	(a) 0.93 (b) 0.06	0.99	Indirect**

Sr. No.	CSR Project or Activity Identified	Sector in which Project is covered	Projects or Programme Coverage	Amount Outlay (budget) project or Programmes wise	Amount Spent on the Projects or Programmes. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
	Community reach to 40 thousand rural population in Tamil Nadu	project					
2	**Digital Sakhi – Madhya Pradesh** • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Madhya Pradesh • Inclusion of 1000 women (micro-entrepreneurs) in digital payments space Community reach to 50 thousand rural population in Madhya Pradesh	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	**State:** Madhya Pradesh **District**: Dhar and Barwani	2.80	(a) 2.55 (b) 0.25	2.80	Indirect**
3	**Digital Sakhi – Odisha** Interventions of Digital Financial Literacy, Healthcare & Entrepreneurship Development by 100 Digital Sakhis in Odisha	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	**State:** Odisha **District:** Balangir and Boudh	1.22	(a) 1.14 (b) 0.08	1.22	Indirect**
4	**Digital Sakhi - Maharashtra** • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Maharashtra • Inclusion of 1000 women (micro-entrepreneurs) in digital payments space Community reach to 1 lakh rural population in Maharashtra	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	**State:** Maharashtra **Districts:** Osmanabad, Pune, Latur and Solapur	0.95	(a) 0.92 (b) 0.03	0.95	Indirect**

L&T Finance Limited

Sr. No.	CSR Project or Activity Identified	Sector in which Project is covered	Projects or Programme Coverage	Amount Outlay (budget) project or Programmes wise	Amount Spent on the Projects or Programmes. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
5	**Digital Sakhi – West Bengal** Interventions of Digital Financial Literacy, by 150 Digital Sakhis in West Bengal	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	**State**: West Bengal **District:** East Medinipur	0.77	(a) 0.74 (b) 0.03	0.77	Indirect**
6	**Disaster Relief project**	(i) eradicating extreme hunger and poverty;	**States:** Assam, Bihar, Maharashtra, Karnataka, Kerala, Odisha	1.14	(a) 0.83 (b) 0.31	1.14	Indirect*
7	**Road safety – Mumbai Traffic Police** Promotion of Road Safety among municipal school children & larger eco system; training and deployment of community youth as traffic wardens	ii) Promotion of Education	**State:** Maharashtra **District:** Mumbai	0.38	(a) 0.34 (b) 0.04	0.38	Indirect**
8	**Healthcare** Access to health services and breast cancer screening	i) reducing child mortality and improving maternal health; combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases	**State:** Maharashtra **District:** Nagpur	0.85	(a) 0.85 (b) 0.00#	0.85	Indirect**
9	**Integrated Water Resource Management (IWRM)** Improve the crop yield for the marginalized farmers in the semi-	(i) eradicating extreme hunger and poverty; (iv) ensuring environmental sustainability x) Rural	**State:** Maharashtra **Districts:** Aurangabad, Jalna and Buldhana	2.09	(a) 2.06 (b) 0.03	2.09	Indirect**

Sr. No.	CSR Project or Activity Identified	Sector in which Project is covered	Projects or Programme Coverage	Amount Outlay (budget) project or Programmes wise	Amount Spent on the Projects or Programmes. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
	arid regions through Integrated Water Resource Management, reaching to 30,000 farmers from 60 villages of Aurangabad, Jalna and Buldhana	Development project					
10	**CSR Administration, NGO capacity building**	Capacity building		0.59	(a) 0.59 (b) 0.00#	0.59	Direct*
Total CSR Spend in FY 19-20				11.81	11.81	11.81	

Indicates figures less than ₹ 50,000

Note: Over and above the CSR expenditure, L&T Finance Limited Contributed **INR 11 Crore** in the **PM CARES fund** to support the fight against COVID-19 pandemic in India.

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

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

6) Responsibility Statement:

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

Rajani R. Gupte
Chairperson
CSR Committee
DIN: 03172965

Dinanath Dubhashi
Director
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	U65910WB1993FLC060810
ii)	**Registration Date**	November 24, 1993
iii)	**Name of the Company**	L & T Finance Limited
iv)	**Category/Sub-category of the Company**	Company Limited by Shares / Indian Non- Government Company
v)	**Address of the Registered office & contact details**	Technopolis, 7th Floor, A Wing, Plot No.4, Block-BP, Sec-V, Salt Lake, Kolkata – 700091. Tel: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: investorgrievance@ltfs.com Website: www.ltfs.com
vi)	**Whether listed company**	Yes (Debt Listed)
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	**Link Intime India Private Limited** C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400 083. Maharashtra, India. Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products / service	NIC Code of the product / service	% to total turnover of the Company
1	Non-Banking Finance Company (NBFC)	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & address of the Companies	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	**L&T Finance Holdings Limited** Brindavan, Plot No.177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098	L67120MH2008PLC181833	Holding Company	100	2(46)
2	**L&T Infra Debt Fund Limited** Plot No. 177, CTS No. 6970, 6971,	L67100MH2013PLC241104	Associate Company	28.29	2(6)

Sr. No.	Name & address of the Companies	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
	Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098				
3	**Grameen Capital India Private Limited** 306, A Wing, 3rd Floor, 36 Turner Road, Opp. Tavaa Restaurant, Bandra West, Mumbai – 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

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

(i) Category – wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	7*	7*	0	-	7*	7*	0	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	1,59,91,38,192		1,59,91,38,192	100	1,59,91,38,192	-	1,59,91,38,192	100	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(1)	**1,59,91,38,192**	7*	**1,59,91,38,199**	**100**	**1,59,91,38,192**	**7***	**1,59,91,38,199**	**100**	**-**
(2) Foreign									-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**1,59,91,38,192**	**7***	**1,59,91,38,199**	**100**	**1,59,91,38,192**	**7***	**1,59,91,38,199**	**100**	**-**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2019)				No. of Shares held at the end of the year (As on March 31, 2020)				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Non Institutions									
a) Bodies corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,59,91,38,192**	**7***	**1,59,91,38,199**	**100**	**1,59,91,38,192**	**7***	**1,59,91,38,199**	**100**	**-**

**The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 Members jointly with L&T Finance Holdings Limited.*

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	1,59,91,38,199	100	-	1,59,91,38,199	100	-	-
	Total	**1,59,91,38,199***	**100**	-	**1,59,91,38,199***	**100**	-	-

**The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 Members jointly with L&T Finance Holdings Limited.*

(iii) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of Shares	% of total shares of the companies	No. of shares	% of total shares of the companies
1	**L&T Finance Holdings Limited**					
	At the beginning of the year	April 1, 2019	1,59,91,38,199*	100	-	-
	At the end of the year	March 31, 2020	-	-	1,59,91,38,199*	100

**The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 Members jointly with L&T Finance Holdings Limited.*

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

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

Sr. No.	Name of Director / KMP	Date	Shareholding at the beginning of the year (As on April 1, 2019)		Cumulative Shareholding during the year (April 1, 2019 to March 31, 2020)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Dinanath Dubhashi**					
	At the beginning of the year	April 1, 2019	1*	-	-	-
	At the end of the year	March 31,2020	-	-	1*	-
2	**Mr. Sunil Prabhune**					
	At the beginning of the year	April 1, 2019	1*	-	-	-
	At the end of the year	March 31, 2020	-	-	1*	-

**The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 Members jointly with L&T Finance Holdings Limited.*

V. INDEBTEDNESS

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

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	32,592.14	13,063.40	-	45,655.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	689.29	34.75	-	724.03
Total (i + ii + iii)	**33,281.43**	**13,098.14**	**-**	**46,379.57**
Change in Indebtedness during the financial year				
• Additions	1,77,608.53	57,205.63		2,34,814.16
• Reduction	1,74,546.05	63,327.59	-	2,37,873.64
• Interest accrued but not due	32.79	-5.62	-	27.17
Net Change	**3,52,187.37**	**1,20,527.60**	**-**	**4,72,714.97**
Indebtedness at the end of the financial year				
i) Principal Amount	35,654.62	6,941.44	-	42,596.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	722.08	29.12	-	751.20
Total (i+ ii + iii)	**36,376.69**	**6,970.56**	**-**	**43,347.25**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
		Mr. Sunil Prabhune [1] (Whole Time Director)
1	**Gross salary**	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax,1961	2,82,00,595.00
	(b) Value of perquisites under section 17(2) of the Income tax Act, 1961 [2]	1,14,67,050.00
	(b) Profits in lieu of salary under section 17(3) of the Income Tax Act,1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- others (specify)	-
5	Others, please specify	-
Total (A)		**3,96,67,645.00**
Ceiling as per the Act		**₹ 40,83,00,000.00 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**

(1) Mr. Sunil Prabhune ceased to be the Manager of the Company with effect from February 11, 2020 and was appointed as the Whole-time Director of the Company with effect from February 11, 2020.
(2) Includes perquisite on ESOPs exercised during the year.

B. Remuneration to other Directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors				Total Amount
	Independent Directors		Non Executive Director		
	Mr. P. V. Bhide	Dr. Rajani R. Gupte [1]	Mr. Ashish Kotecha[2]	Mr. Rishi Mandawat[3]	
(a) Fee for attending Board and Committee meetings/ Independent Director meetings	4,60,000.00	4,60,000.00	-	2,80,000.00	12,00,000.00
(b) Commission	10,04,000.00	9,60,000.00	-	7,56,000.00	27,20,000.00
(c) Others, please specify	-	-	-	-	-

Particulars of Remuneration	Name of the Directors				Total Amount
	Independent Directors		Non Executive Director		
	Mr. P. V. Bhide	Dr. Rajani R. Gupte (1)	Mr. Ashish Kotecha(2)	Mr. Rishi Mandawat(3)	
Total (B)	14,64,000.00	14,20,000.00	-	10,36,000.00	39,20,000.00
Total Managerial Remuneration (A+B)					**4,35,87,645.00**
Overall Ceiling as per the Act	**₹ 89.83 Crore (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**				

(1) Re appointed as an Independent Director with effect from April 1, 2020.
(2) Ceased to be a Director with effect from April 28, 2019.
(3) Appointed as a Director with effect from April 28, 2019.

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel		Total Amount
		Mr. Manish Jethwa (CFO)	Mr. Gufran Ahmed Siddiqui (CS)	
1	Gross Salary			
	a) Salary as per provisions contained in Section17(1) of the Income Tax Act,1961	83,20,729	15,64,676	98,85,405
	b) Value of perquisites under Section17(2) of the Income Tax Act, 1961	7,54,500	-	7,54,500
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
Total		**90,75,229**	**15,64,676**	**1,06,39,905**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

Dinanath Dubhashi
Chairperson
DIN: 03545900

Place: Mumbai
Date: June 30, 2020

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC REVIEW

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

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

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

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

Outlook for FY21

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

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

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

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

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

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

POSSIBLE THREATS

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

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

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

BUSINESS PERFORMANCE

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

1. Farm Equipment Finance

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

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

Strategy

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

2. Two-Wheeler Finance

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

A new scheme, 'Sabse Khaas Loan' was introduced to target the financially prudent customers with no hypothecation and lower rate of interest as compared to credit cards. Your Company disbursed an amount of ₹ 91 Crore, benefiting over 18,000 customers. Your Company focused on touch-free collections which accounted for 32% of the total collection in FY20. Touchfree collections aim at minimal to no contact with customers for collection of dues. With this facility, customers can seamlessly make payment digitally or by visiting nearest payment bank.

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

Strategy

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

3. Micro Finance

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

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

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

Strategy

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

4. Consumer Loans

Your Company launched a pilot run of Consumer Loans in Q3FY20 and has disbursed personal loans to 11,794 active customers. The total book size of the Consumer Loans portfolio stands at ₹ 154 Crore. Your Company leveraged the strong Two-Wheeler customer base and offered personal loans to its prime customers with good payment history.

The loans are provided on an end-to-end digital platform thus making it a smooth and 100% paperless journey for its customers.

Strategy

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

KEY DIFFERENTIATORS:

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

RISK MANAGEMENT

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

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

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

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

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

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

Credit Risk

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

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

Operational Risk

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

Market/Liquidity Risk

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

IT Security Risk

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details of Internal control systems and their adequacy, refer Board's Report.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

For discussion on financial performance with respect to operational performance, refer Board's Report.

HUMAN RESOURCES

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

As of March 31, 2020, your Company had a headcount of 22,359.

Culture Based on Values

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

Capability Building

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

Performance Management

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

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

Employee Benefits and Welfare

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

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

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th -32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai – 400 013
Maharashtra, India

Tele: + 91 22 6185 4000
Fax: +91 22 6185 4001

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying standalone financial statements of **L&T Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

As more fully described in note 50 to the standalone financial statements, to assess the recoverability of certain assets, the Company has considered internal and external information upto the date of the standalone financial statements in respect of the current and estimated future global economic indicators consequent to the global health pandemic. The actual impact of the pandemic may be different from that considered in assessing the recoverability of these assets.

Our opinion is not modified in respect of this matter.

Key Audit Matter

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

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses:** (Refer Note 1, 6, 47.1 and 47.2 to the financial statements) As at March 31, 2020, loan assets aggregated ₹46,452.67 crore, constituting 84% of the Company's total assets. Of these, loan assets aggregating ₹35,112.10 crore are measured at amortised cost. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost. • Basis used for estimating Probabilities of Default ("PD"), • Basis used for estimating Loss Given Default ("LGD") • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic	**Principal audit procedures:** We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models (including policies for sale out of amortised cost business model). We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors Our audit procedures related to the allowance for ECL included the following, among others: • Testing the design and effectiveness of internal controls over the: – completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied. – Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different

	conditions. • Adjustments to model driven ECL results to address emerging trends.	stages depending on the nature of the portfolio; and – computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model. • Also, for a sample of ECL on loan assets tested: – we tested the input data such as ratings and period of default and other related information used in estimating the PD; – we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. – we evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. • We also tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee. We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the

Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

    i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

    ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

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

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 20046930AAAABV3644)

Mumbai, May 29, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T Finance Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 20046930AAAABV3644)

Mumbai, May 29, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed and other relevant document provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date except the following:

Particulars of the land and building	**Gross block as at March 31, 2020** **Rs. crore**	**Carrying amount as at March 31, 2020** **Rs. crore**	**Remarks**
Building located at Baroda	0.38	0.35	The title deeds are in the name of erstwhile Company L&T Finance Limited, which was merged with the Company in terms of the approval of the Honourable High Courts of judicature.

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

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

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

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

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

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

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

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

(c) Details of dues of Sales Tax, Service Tax and Goods and Service Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Sum of Amount involved Rs. Crore	Sum of Amount unpaid Rs. Crore
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	Joint Commissioner (Appeal)	2005-06	0.00	0.00
			2015-16	0.05	0.05
		Deputy Commissioner (Appeal)	1995-96	0.00	0.00
			1996-97	0.05	0.04
			1998-99	0.01	0.01
			2000-01	0.00	0.00
			2002-03	0.00	0.00
			2011-12	0.28	0.22
			2012-13	0.04	0.04
		Tribunal	2004-05	1.11	1.04
			2006-07	0.17	0.00
			2007-08	0.30	0.00
			2013-14	0.34	0.29
	Local hire purchase turnover considered taxable	High Court	1999-00	0.07	0.07

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Sum of Amount involved Rs. Crore	Sum of Amount unpaid Rs. Crore
	Refusal of input tax credit (ITC)	Joint Commissioner (Appeal)	2012-13	0.06	0.06
			2013-14	1.02	0.97
			2014-15	0.06	0.06
		Deputy Commissioner (Appeal)	2011-12	3.39	3.05
			2012-13	3.43	3.13
		Appellate Board	2007-08	2.10	2.10
	Demand of Tax on Repossessed Assets	Joint Commissioner (Appeal)	2007-08	0.53	0.53
			2011-12	2.37	2.37
			2013-14	6.16	6.16
			2014-15	7.00	6.99
		Deputy Commissioner (Appeal)	2012-13	3.32	3.32
			2014-15	13.32	13.32
		Sr. Joint Commissioner (Appeal)	2011-12	0.03	0.03
			2013-14	0.01	0.01
			2016-17	0.39	0.39
Service Tax under Finance Act, 1994	Refusal of input tax credit (ITC)	Appellate Board	2011-12	2.62	2.62
			2012-13	3.50	3.50
			2013-14	5.19	5.19
	Service tax levied on receipt of interest on delayed payment	Appellate Board	2005-06 to 2010-11	0.84	0.84
			2011-12	0.06	0.06
	Additional Interest / Penal Interest / Default Interest under Declared Services	#CESTAT	2013-14	39.86	39.86
			2013-18	0.00	0.00
			2014-15	70.01	70.01
			2015-16	105.02	105.02
			2016-17	143.68	143.68
			2017-18	36.02	36.02

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Sum of Amount involved Rs. Crore	Sum of Amount unpaid Rs. Crore
	Cenvat Credit on account of Branches disallowed	#CESTAT	2007-08	0.12	0.12
			2007-10	0.00	0.00
			2008-09	0.15	0.15
			2009-10	6.52	6.52

0.00 represents less than a crore.

the Company is in process of filing appeal as at March 31, 2020

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

(ix) In our opinion and according to the information and explanations given to us, money raised by way of further public offer of debt instruments and term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

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

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

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

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

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

Rupen K. Bhatt
Partner
(Membership No. 046930)
(UDIN: 20046930AAAABV3644)

Mumbai, May 29, 2020

L&T Finance Limited

Balance Sheet as at March 31, 2020

₹ in crore

	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
A.	**ASSETS:**			
1.	**Financial assets**			
	(a) Cash and cash equivalents	2	2,717.76	1,530.51
	(b) Bank balance other than (a) above	3	684.56	30.57
	(c) Derivative financial instruments	4	141.74	7.20
	(d) Receivables	5		
	(i) Trade receivables		18.85	11.50
	(ii) Other receivables		35.83	18.95
	(e) Loans	6	43,891.22	47,113.67
	(f) Investments	7	3,077.45	4,684.30
	(g) Other financial assets	8	66.41	107.54
			50,633.82	**53,504.24**
2.	**Non-financial assets**			
	(a) Current tax assets (net)		194.76	77.78
	(b) Deferred tax assets (net)		819.01	727.21
	(c) Property, plant and equipment	9	35.31	49.34
	(d) Intangible assets under development	10	44.56	18.48
	(e) Goodwill	10	565.70	1,131.41
	(f) Other Intangible assets	10	134.67	214.71
	(g) Right of use assets		25.95	-
	(h) Other non-financial assets	11	122.94	113.55
			1,942.90	**2,332.48**
	Total Assets		**52,576.72**	**55,836.72**
B.	**LIABILITIES AND EQUITY :**			
1.	**LIABILITIES**			
a.	**Financial liabilities**			
	(a) Payables	12		
	(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		31.40	86.03
	(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		-	13.11
	(b) Debt securities	13	16,481.87	23,071.60
	(c) Borrowings (other than debt securities)	14	25,628.83	22,139.86
	(d) Subordinated liabilities	15	1,141.75	1,124.42
	(e) Lease liabilities		29.29	-
	(f) Other financial liabilities	16	243.85	406.66
			43,556.99	**46,841.68**
b.	**Non-financial liabilities**			
	(a) Current tax liabilities (net)		95.43	20.51
	(b) Provisions	17	28.17	21.74
	(c) Other non-financial liabilities	18	2.54	52.36
			126.14	**94.61**
2.	**Equity**			
	(a) Equity share capital	19	1,599.14	1,599.14
	(b) Other equity	20	7,294.45	7,301.29
			8,893.59	**8,900.43**
	Total Liabilities and Equity		**52,576.72**	**55,836.72**
	Significant accounting policies	1		
	See accompanying notes forming part of the financial statements	2 to 53		

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

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

Rupen K. Bhatt
Partner

Dinanath Dubhashi
Chairperson
DIN : 03545900

Manish Jethwa
Head Accounts
Chief Financial Officer

Gufran Ahmed Siddiqui
Company Secretary

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 14, 2020

L&T Finance Limited
Statement of Profit and Loss for the year ended March 31, 2020

₹ in crore

	Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
	Revenue from operations			
(i)	Interest income	21	8,184.41	7,011.72
(ii)	Rental income	22	9.04	18.84
(iii)	Fees and commission income	23	210.10	152.25
(iv)	Net gain on fair value changes	24	42.56	-
I	**Total revenue from operations**		**8,446.11**	**7,182.81**
II	**Other income**	25	234.19	199.78
III	**Total income (I + II)**		**8,680.30**	**7,382.59**
	Expenses			
(i)	Finance costs	26	3,767.85	3,327.92
(ii)	Net loss on fair value changes	24	-	8.62
(iii)	Net loss on derecognition of financial instruments under amortised cost category	27	231.32	324.97
(iv)	Impairment on financial instruments	28	1,767.69	637.06
(v)	Employee benefits expenses	29	766.08	548.31
(vi)	Depreciation, amortisation and impairment	30	701.21	690.93
(vii)	Other expenses	31	632.19	541.70
IV	**Total expenses (IV)**		**7,866.34**	**6,079.51**
V	**Profit before tax (III - IV)**		**813.96**	**1,303.08**
VI	**Tax expense**			
	(1) Current tax		507.92	488.47
	(2) Deferred tax		(263.65)	(31.35)
VII	**Profit before impact of change in the rate on opening deferred tax (V-VI)**		**569.69**	**845.96**
VIII	**Impact of change in the rate on opening deferred tax (Refer note 46)**		203.40	-
IX	**Profit for the year (VII - VIII)**		**366.29**	**845.96**
X	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans		(4.49)	(1.54)
	b) Change in fair value of equity instruments measured at fair value through other comprehensive income		(56.16)	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		1.13	0.54
	Subtotal (A)		**(59.52)**	**(1.00)**
B.	(i) Items that will be reclassified to profit or loss			
	a) Change in fair value of debt instruments measured at fair value through other comprehensive income		(1.47)	(0.37)
	b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(118.11)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		29.73	-
	Subtotal (B)		**(89.85)**	**(0.37)**
	Total other comprehensive income (A+B)		**(149.37)**	**(1.37)**
XI	**Total comprehensive income for the year (IX+X)**		**216.92**	**844.59**
XII	**Earnings per equity share:**	37		
	Basic earnings per equity share (₹)		2.29	5.29
	Diluted earnings per equity share (₹)		2.29	5.29
	Significant accounting policies	1		
	See accompanying notes forming part of the financial statements	2 to 53		

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

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

Rupen K. Bhatt
Partner

Dinanath Dubhashi
Chairperson
DIN : 03545900

Manish Jethwa
Head Accounts
Chief Financial Officer

Gufran Ahmed Siddiqui
Company Secretary

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 14, 2020

L&T Finance Limited
Statement of Cash Flow for the year ended March 31, 2020

₹ in crore

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flows from operating activities :		
Profit before tax for the year	813.96	1,303.08
Adjustments for:		
Net loss on sale of property, plant and equipment	2.66	7.62
Net (gain)/Loan arising on financial assets (investments) measured at fair value through profit or loss	(104.38)	(47.91)
Net loss on derecognition of financial instruments under amortised cost category	231.32	324.97
Impairment on financial instruments	1,767.69	637.06
Net (gain)/Loan arising on financial assets (Loans) measured at fair value through profit or loss	61.82	63.81
Depreciation, amortisation and impairment	701.21	690.93
Operating profit before working capital changes	**3,474.28**	**2,979.56**
Changes in working capital		
Adjustments for increase/(decrease) in operating liabilities		
Other financial liabilities	(6.62)	(43.71)
Lease liabilities	29.29	-
Provisions	1.94	9.91
Trade and other payables	(67.74)	(24.33)
Other non-financial liabilities	(10.41)	(21.18)
Adjustments for (increase)/decrease in operating assets		
Other non-financial assets	(41.00)	(11.46)
Right of use assets	(33.75)	-
Other financial assets	83.00	(109.46)
Trade and other receivables	(33.00)	(16.21)
Cash generated from operations	**3,395.99**	**2,763.12**
Direct taxes refund/(paid) (net)	(549.98)	(380.16)
Loans disbursed (net of repayments)	1,420.98	(9,943.66)
Net cash used in operating activities (A)	**4,266.99**	**(7,560.70)**
B. Cash flows from investing activities :		
Change in other bank balance not available for immediate use	(653.99)	13.33
Purchase of property, plant and equipment	(9.55)	(21.35)
Proceeds from sale of property, plant and equipment	3.56	11.30
Purchase of intangible assets	(54.22)	(46.15)
Purchase of investments	(1,433.30)	(2,761.95)
Proceeds on sale of investments	2,823.91	659.01
Net cash (used in)/generated from by investing activities (B)	**676.41**	**(2,145.81)**
C. Cash flows from financing activities		
Proceeds from borrowings	15,977.40	17,822.06
Repayment of borrowings	(19,280.51)	(6,933.70)
Dividend paid	(375.80)	-
Additional tax on dividend	(77.24)	-
Net cash (used in)/generated from financing activities (C)	**(3,756.15)**	**10,888.36**
Net increase in cash and cash equivalents (A+B+C)	**1,187.25**	**1,181.85**
Cash and cash equivalents at beginning of the year	1,530.51	348.66
Cash and cash equivalents at the end of the year	2,717.76	1,530.51
Net increase in cash and cash equivalents	**1,187.25**	**1,181.85**

L&T Finance Limited
Statement of Cash Flow for the year ended March 31, 2020

Notes:

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. Purchase of fixed assets 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.

3. Net cash used in investing activity exclude investments aggregating to ₹ Nil crore (Previous period ₹2.25 crore) acquired against claims.

4. Net cash used in operating activity is determined after adjusting the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Interest received	7,775.74	6,760.36
Interest paid	3,688.66	3,286.92

Significant accounting policies	1
See accompanying notes forming part of the financial statements	2 to 53

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

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

Rupen K. Bhatt
Partner

Dinanath Dubhashi
Chairperson
DIN : 03545900

Manish Jethwa
Head Accounts
Chief Financial Officer

Gufran Ahmed Siddiqui
Company Secretary

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 14, 2020

L&T Finance Limited
Statement of Changes in Equity for the year ended March 31, 2020

A. Equity share capital

₹ in crore

Particulars	Number of Shares	Equity share capital
Issued, subscribed and fully paid up equity shares outstanding at April 1, 2018	1,59,91,38,199	1,599.14
Changes in equity share capital during the year		
Issue of equity shares	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year March 31, 2019	**1,59,91,38,199**	**1,599.14**
Changes in equity share capital during the year		
Issue of equity shares	-	-
Issued, subscribed and fully paid up equity shares outstanding at the end of the year March 31, 2020	**1,59,91,38,199**	**1,599.14**

B. Other equity

₹ in crore

Particulars	Reserves and Surplus								Fair value changes of debt instruments measured at fair value through other comprehensive income	Fair value changes of equity instruments measured at fair value through other comprehensive income	Cash flow hedging reserve	Total
	Capital redemption reserve	Debenture redemption reserve	Securities premium	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act , 1934	Reserve u/s 36(1)(viii) of Income tax Act, 1961	Amalgamation adjustment account	Retained earnings				
Balance at April 1, 2018	3.20	97.61	6,903.72	0.24	584.40	23.57	(538.06)	(386.64)	-	-	-	**6,688.04**
Profit for the year	-	-	-	-	-	-	-	845.96	-	-	-	**845.96**
Actuarial loss on defined benefit plan (gratuity) (net of tax)	-	-	-	-	-	-	-	(1.00)	-	-	-	**(1.00)**
Other Comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	-	(0.37)	-	-	**(0.37)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**844.96**	**(0.37)**	**-**	**-**	**844.59**
Payment of interim dividends (₹ 1.20 per share)	-	-	-	-	-	-	-	(191.90)	-	-	-	**(191.90)**
Tax on interim dividend	-	-	-	-	-	-	-	(39.44)	-	-	-	**(39.44)**
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	-	169.19	-	-	(169.19)	-	-	-	**-**
Transfer to debenture redemption reserve	-	16.58	-	-	-	-	-	(16.58)	-	-	-	**-**
Transfer to general reserve	-	(0.01)	-	0.01	-	-	-	-	-	-	-	**-**
Transfer to amalgamation adjustment account	-	*(0.00)	-	-	-	-	*0.00	-	-	-	-	**-**
Transfer to reserve u/s 36(1)(viii) of Income tax Act	-	-	-	-	-	21.36	-	(21.36)	-	-	-	**-**
Balance at March 31, 2019	**3.20**	**114.18**	**6,903.72**	**0.25**	**753.59**	**44.93**	**(538.06)**	**19.85**	**(0.37)**	**-**	**-**	**7,301.29**

L&T Finance Limited
Statement of Changes in Equity for the year ended March 31, 2020

₹ in crore

Particulars	Reserves and Surplus								Fair value changes of debt instruments measured at fair value through other comprehensive income	Fair value changes of equity instruments measured at fair value through other comprehensive income	Cash flow hedging reserve	Total
	Capital redemption reserve	Debenture redemption reserve	Securities premium	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act , 1934	Reserve u/s 36(1)(viii) of Income tax Act, 1961	Amalgamation adjustment account	Retained earnings				
Balance at April 1, 2019	**3.20**	**114.18**	**6,903.72**	**0.25**	**753.59**	**44.93**	**(538.06)**	**19.85**	**(0.37)**	**-**	**-**	**7,301.29**
Profit for the year	-	-	-	-	-	-	-	366.29	-	-	-	**366.29**
Actuarial loss on defined benefit plan (gratuity) (net of tax)	-	-	-	-	-	-	-	(3.36)	-	-	-	**(3.36)**
Other Comprehensive income for the year (net of tax)	-	-	-	-	-	-	-	-	(1.47)	(56.16)	(88.38)	**(146.01)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**362.93**	**(1.47)**	**(56.16)**	**(88.38)**	**216.92**
Transition impact of Ind-AS 116	-	-	-	-	-	-	-	(2.06)	-	-	-	**(2.06)**
Payment of interim dividends (₹ 1.15 per share)	-	-	-	-	-	-	-	(183.90)	-	-	-	**(183.90)**
Tax on interim dividend	-	-	-	-	-	-	-	(37.80)	-	-	-	**(37.80)**
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	-	73.26	-	-	(73.26)	-	-	-	**-**
Transfer to general reserve	-	(34.27)	-	34.27	-	-	-	-	-	-	-	**-**
Transfer to amalgamation adjustment account	-	(74.76)	-	-	-	-	74.76	-	-	-	-	**-**
Transfer to reserve u/s 36(1)(viii) of Income tax Act	-	-	-	-	-	27.52	-	(27.52)	-	-	-	**-**
Balance at March 31, 2020	**3.20**	**5.15**	**6,903.72**	**34.52**	**826.85**	**72.45**	**(463.30)**	**58.24**	**(1.84)**	**(56.16)**	**(88.38)**	**7,294.45**

***Amount less than ₹ 1 lakh**

Significant accounting policies	1
See accompanying notes forming part of the financial statements	2 to 53

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

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

Rupen K. Bhatt
Partner

Dinanath Dubhashi
Chairperson
DIN : 03545900

Manish Jethwa
Head Accounts
Chief Financial Officer

Gufran Ahmed Siddiqui
Company Secretary

Place : Mumbai
Date : May 29, 2020

Place : Mumbai
Date : May 14, 2020

L&T Finance Limited
Notes forming part of the financial statements

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 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 guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations require a different treatment.

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 categorised 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, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

1.3. Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to 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. Investments in associates:

Investment in equity instrument issued by associate company is measured at cost less impairment.

1.5. Financial instruments:

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

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

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 expects to occur and not to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- 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 results in reclassifying the Company's 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.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

(c) Debt instruments at amortised cost or at FVTOCI

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(d) 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.

(e) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company 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.

Sale from amortised cost portfolio will be regarded as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). In addition, sale of assets may be 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.

(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.

1.6. 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 Company’s enforcement activities will result in impairment gains.

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.

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 will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a corporate loans becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.

For the purpose of counting of day past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

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 Company 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.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. For the purpose of counting of day past due for the assessment of default, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

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, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending. 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 instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument

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 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.

1.8. Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company 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 Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

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

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

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

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

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.9. Presentation of allowance for ECL in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

1.10. 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 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. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1.11. Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable as reduced for estimated customer credits and other similar allowances.

(i) Interest and dividend income

Interest income 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) are recognised in 'Interest income' in the profit or loss account 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) 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 Company 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 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.

(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.

1.12. 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.

1.13. Property, plant and equipment (PPE):

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Land and buildings held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE not ready for the intended 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 Company 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 Company 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.

1.14. Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.15. 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 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:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (the smallest identifiable Company 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.

1.16. 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.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

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

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

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

(iii) Long term employee benefits:

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

(iv) Termination benefits:

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

1.17. Leases:

a. 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.

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.

b. 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.

c. Transition Disclosure:

The Company has applied Ind AS 116 "Leases" ("Standard") effective April 1, 2019 (Initial application date). Ind AS 116 supersedes Ind AS 17 "Leases". The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases. The Standard has brought major changes with respect to lease accounting for the lessee. It requires a lessee to account for right-of-use asset and lease liability for all the leases without lease classification into operating and finance lease.

Under modified retrospective method of transition, the Company has applied the Standard retrospectively and recognised the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings at the date of initial application (refer note 34). Accordingly, the figures of the previous year have not been restated.

The Company has availed of following practical expedients as on the transition date
as provided by the Standard:

- Leases for which the lease term ends within 12 months of the date of initial application are accounted in the same way as short-term leases.
- The Company has not reassessed whether a contract is or contains a lease at the date of initial application and instead applied the Standard to those contracts that were previously identified as leases under Ind AS 17.
- The Company has excluded initial direct costs from the measurement of the right of use asset at the date of initial application.

1.18. 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.

1.19. 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.

1.20. Share-based payment arrangements:

The stock options granted to employees by the holding company's (i.e. L&T Finance Holdings Limited) 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. The cost incurred by the holding company, in respect of options granted to employees of the Company, is being recovered by holding company and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.

1.21. 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 Company 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 Company.

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

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

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

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

1.24. Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

(i) an Company 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:

a. 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

b. 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. Commitment

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

(a) estimated amount 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.

1.26. 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 profit before tax 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.

1.27. 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.

1.28. 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.

1.29. Operating cycle for current and non-current classification :

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

L&T Finance Limited
Notes forming part of the financial statements

Note 2 : Cash and cash equivalents ₹ in crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Cash on hand	0.20	28.46
Balances with banks in current accounts#	547.37	1,499.46
Cheques, drafts on hand	-	2.59
Bank deposit with original maturity less than three months	2,170.19	-
Total cash and cash equivalents	**2,717.76**	**1,530.51**

includes ₹4.44 crore (PY : 4.65 Crore) towards unutilised funds raised through public issue.

Note 3 : Bank balance other than note 2 above ₹ in crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Earmarked balances with banks	1.39	0.89
Balances with banks to the extent held as margin money or security against borrowing, guarantees, other commitments	683.17	29.68
Total bank balance other than note 2 above	**684.56**	**30.57**

Note 4 : Derivative financial instruments

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Part I		
(i) Currency derivatives:		
Notional Amounts		
-Currency swaps	2,588.58	100.00
Fair value assets		
-Currency swaps	141.74	7.20
Fair value liabilities		
-Currency swaps	-	-
Total derivative financial instruments	**141.74**	**7.20**

Part II

Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
(ii) Cash flow hedging:		
Notional Amounts		
- Currency derivatives	2,588.58	-
Fair Value Assets		
- Currency derivatives	141.74	-
Fair Value Liabilities		
- Currency derivatives	-	-
Total Derivative Financial Instruments	**141.74**	**-**

Note: The company has not designated any derivatives as hedging instruments as at March 31, 2019.

Note 5 : Receivables

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade receivables		
(a) Receivables considered good - secured	-	0.30
(b) Receivables considered good - unsecured	12.18	11.20
(c) Receivables - credit impaired		
Receivables	15.44	-
Impairment loss allowance	(8.77)	-
Total trade receivables (i)	**18.85**	**11.50**
(ii) Other receivables		
(a) Receivables considered good - unsecured	15.63	7.32
(b) Receivables from related parties (refer note : 32)	20.20	11.63
Total other receivables (ii)	**35.83**	**18.95**
Total receivables (i+ii)	**54.68**	**30.45**

Note 6 : Loans

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) At amortised cost		
- Bills purchased and bills discounted	87.22	295.60
- Loans repayable on demand	31.41	238.08
- Term loans	34,019.09	34,656.85
- Leasing	45.48	72.61
- Debentures (refer note 6(i))	928.90	1,308.11
Total gross loans at amortised cost	**35,112.10**	**36,571.25**
Less: Impairment loss allowance	(2,412.79)	(1,742.85)
Total net loans at amortised cost (i)	**32,699.31**	**34,828.40**
(ii) At fair value through profit or Loss		
- Loans repayable on demand	-	69.32
- Term loans	10,990.25	11,952.17
- Debentures (refer note 6(i))	350.32	350.62
Total gross loans at fair value through profit or loss	**11,340.57**	**12,372.11**
Less: Impact on fair value changes	(148.66)	(86.84)
Total net loans at fair value through profit or loss (ii)	**11,191.91**	**12,285.27**
Total net loans (A) = (i)+(ii)	**43,891.22**	**47,113.67**

L&T Finance Limited
Notes forming part of the financial statements

Note 6 : Loans ₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(B)		
(i) At amortised cost		
-Secured by tangible assets	20,754.72	22,150.16
-Unsecured	14,357.38	14,421.09
Total gross loans at amortised cost	**35,112.10**	**36,571.25**
Less: Impairment loss allowance	(2,412.79)	(1,742.85)
Total net loans at amortised cost (i)	**32,699.31**	**34,828.40**
(ii) At fair value through profit or loss:		
-Secured by tangible assets	11,340.57	12,372.11
-Unsecured	-	-
Total gross loans at fair value through profit or loss	**11,340.57**	**12,372.11**
Less: Impact on fair value changes	(148.66)	(86.84)
Total net loans at fair value through profit or loss (ii)	**11,191.91**	**12,285.27**
Total net loans (B) = (i)+(ii)	**43,891.22**	**47,113.67**
(C)		
(I) Loans in India		
(i) At amortised cost		
- Public sector	-	-
- Others	35,112.10	36,571.25
Total gross loans at amortised cost	**35,112.10**	**36,571.25**
Less: Impairment loss allowance	(2,412.79)	(1,742.85)
Total net loans in India at amortised cost (i)	**32,699.31**	**34,828.40**
(ii) At fair value through profit or loss:		
- Public sector	-	-
- Others	11,340.57	12,372.11
Total gross loans at fair value through profit or loss	**11,340.57**	**12,372.11**
Less: Impact on fair value changes	(148.66)	(86.84)
Total net loans at fair value through profit or loss (ii)	**11,191.91**	**12,285.27**
Total net loans in India (C)(I) = (i)+(ii)	**43,891.22**	**47,113.67**
(II) Loans outside India		
(i) At amortised cost	-	-
Less: Impairment loss allowance	-	-
Total net loans outside India at amortised cost (i)	**-**	**-**
(b) At fair value through profit or loss:	-	-
Less: Impact on fair value changes	-	-
Total net loans at fair value through profit or loss (b)	**-**	**-**
Total net loans outside India (C)(I) = (i)+(ii)	**-**	**-**
Total net loans (C) = (I)+(II)	**43,891.22**	**47,113.67**

L&T Finance Limited
Notes forming part of the financial statements

Note: 6(i) Following are the details of debentures in the nature of Loan:

Name of Company	As at March 31, 2020			As at March 31, 2019		
	Nos.	Face Value	₹ in crore	Nos.	Face Value	₹ in crore
Debenture - Secured						
Avantha Holding Limited	-	-	-	2,250	10,00,000	308.55
Diamond Power Infrastructure Limited	3,000	83,441	28.78	3,000	83,441	27.89
Oriental Nagpur Betul Highway Limited	3,094	1,00,000	30.71	3,094	1,00,000	30.68
Regen Infrastructure And Services Private Limited	2,794	8,48,862	248.13	2,794	8,83,341	245.15
Renew Akshay Urja Private Limited	180	9,93,902	17.89	180	9,96,341	17.94
SINTEX-BAPL Limited	-	-	-	27,000	1,00,000	282.46
SP Jammu Udhampur Highway Limited	2,950	10,00,000	307.30	2,950	10,00,000	312.17
GB Global Limied (erstwhile Mandhana Industries Limited)	200	5,73,234	14.58	200	6,00,000	14.17
Karvy Solar Power Limited	-	-	-	2,000	96,500	19.27
New Era Enviro Ventures (Mahabubnagar) Private Limited	-	-	-	1,600	95,700	15.31
Pennar Renewables Private Limited	3,800	91,200	34.49	3,800	95,700	36.34
Premier Photovoltiac Medak Private Limited	-	-	-	2,600	95,700	24.84
Debenture - Unsecured						
Avantha Holding Limited	4,500	8,06,359	582.59	2,250	10,00,000	309.22
Bhoruka Power Holdings Private Limited	1,00,000	1,000	14.74	1,00,000	1,000	14.74
Total Debenture			**1,279.22**			**1,658.73**

Note 7 : Investments

₹ in crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
A. Investments in fully paid equity shares						
(a) Associate (at cost)						
(i) Unquoted						
L&T Infra Debt Fund Limited	10.00	13,86,52,953	176.50	10.00	13,86,52,953	176.50
(b) Other equity shares						
(i) Quoted						
(a) Investments carried at fair value through profit or loss						
Integrated Digital Info Services Limited	10.00	3,83,334	-	10.00	3,83,334	-
Elque Polyesters Limited	10.00	1,94,300	-	10.00	1,94,300	-
Monnet Industries Limited	10.00	5,640	-	10.00	5,640	-
Monnet Ispat And Energy Limited	10.00	992	-	10.00	992	-
Monnet Project Developers Limited	10.00	11,280	-	10.00	11,280	-
Bhushan Steel Limited	2.00	3,67,119	0.60	2.00	3,67,119	1.08
Jaihind Projects Limited	10.00	24,797	-	10.00	24,797	-
Diamond Power Infrastructure Limited	10.00	28,89,921	-	10.00	28,89,921	-
3I Infotech Limited	10.00	24,26,383	0.32	10.00	24,26,383	0.93
Gol Offshore Limited	10.00	15,52,907	-	10.00	15,52,907	-
SVOGL Oil Gas and Exploration Services Limited	10.00	19,40,514	-	10.00	19,40,514	-
Glodyne Technoserve Limited	6.00	3,19,262	-	6.00	3,19,262	-
MIC Electronics Limited	2.00	53,84,616	-	2.00	53,84,616	-
Usher Agro Limited	10.00	3,35,344	-	10.00	3,35,344	-
Amara Raja Batteries Limited	-	-	-	1.00	2,728	0.20
Hindusthan National Glass & Industries Ltd	2.00	4,09,674	1.13	2.00	4,12,808	3.40
(b) Investment carried at fair value through other comprehensive income						
CG Power and Industrial Solutions Limited	10.00	6,26,00,000	31.61	-	-	-
(ii) Unquoted						
(a) Investments carried at fair value through profit or loss						
Grameen Capital India Private Limited	10.00	21,26,000	-	10.00	21,26,000	2.13
Alpha Micro Finance Consultants Private Limited	10.00	2,00,000	-	10.00	2,00,000	-
Metropoli Overseas Limited	10.00	99,400	-	10.00	99,400	-
Anil Chemicals and Industries Limited	10.00	40,000	-	10.00	40,000	-
VMC Systems Limited	10.00	7,33,611	-	10.00	7,33,611	-
Saumya Mining Limited	10.00	10,77,986	-	10.00	10,77,986	-
Total investment in equity shares (A)			**210.16**			**184.24**
B. Investments in debt securities						
(a) Investment carried at fair value through profit or loss						
Bhoruka Power Corporation Limited	1,00,000.00	3,800	52.50	1,00,000.00	3,800	52.50
Soma Enterprises Limited	10.00	1,45,53,210	6.98	10.00	1,45,53,210	6.98
(b) Investment carried at fair value through other comprehensive income						
TATA AIG General Insurance Company Limited	10,00,000.00	310	32.25	10,00,000.00	310	31.50
U. P. Power Corporation Limited	10,00,000.00	301	32.25	10,00,000.00	301	30.61
Axis Bank	-	-	-	10,00,000.00	500	50.83
Union Bank of India	-	-	-	10,00,000.00	780	77.92
Cholamandlam MS General Insurance Company Limited	10,00,000.00	418	44.84	10,00,000.00	418	43.91
Dewan Housing Finance Corporation Limited	10,00,000.00	2,496	241.45	10,00,000.00	2,746	272.26
Dewan Housing Finance Corporation Limited	1,000.00	27,50,000	295.10	1,000.00	27,50,000	286.62
State Bank of India	-	-	-	10,00,000.00	4,100	418.65
The South Indian Bank Limited	1,00,000.00	38,759	416.20	1,00,000.00	38,759	407.19
Kotak Mahindra Bank Limited	-	-	-	5.00	5,00,00,000	27.59
Power Finance Corporation Limited	-	-	-	10,00,000.00	1,213	163.19
Power Finance Corporation Limited	-	-	-	1,000.00	1,00,000	12.89
ECL Finance Limited	-	-	-	10,00,000.00	900	96.49
ECL Finance Limited	1,000.00	30,00,000	326.38	1,000.00	30,00,000	323.47
Total investment in debt securities (B)			**1,447.95**			**2,302.60**

L&T Finance Limited
Notes forming part of the financial statements

Note 7 : Investments

₹ in crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
C. Investments in mutual funds						
(a) Investment carried at fair value through profit or loss						
Canara Robeco Liquid fund - Direct Growth	1,000.00	21,004.04	5.02	-	-	-
L&T banking and PSU debt fund DP - Growth	-	-	-	10.00	2,38,50,695	40.09
Total investment in mutual funds (C)			**5.02**			**40.09**
D. Investments in fully paid preference shares (Unquoted)						
(a) Investment carried at fair value through profit or loss						
Grameen Capital India Private Limited	10.00	38,74,000	-	10.00	38,74,000	3.87
3I Infotech Limited	5.00	38,96,954	0.68	5.00	38,96,954	0.68
10% SEW Vizag Coal Terminal Private Limited	10.00	40,91,423	-	10.00	40,91,423	-
Total investment in preference shares (D)			**0.68**			**4.55**
E. Investments in government securities						
(a) Investment carried at amortised cost						
12% National Saving Certificate 2002	-	-	*0.00	-	-	*0.00
Government of India	-	-	-	100.00	16,55,00,000	1,643.54
(b) Investment carried at fair value through other comprehensive income						
Rural Electrification Corporation Limited	-	-	-	10,00,000.00	240	32.29
National Highways Authority of India	-	-	-	10,00,000.00	50	5.33
Total investment in government securities (E)			**-**			**1,681.16**
F. Investment in other securities						
(a) Investment carried at fair value through profit or loss						
KKR India debt Opportunities Fund II	1,000.00	13,56,565	101.32	1,000.00	17,76,074	177.61
KKR India debt Opportunities Fund III	1,000.00	21,226	0.20	1,000.00	61,640	6.16
Total investment in other securities (F)			**101.52**			**183.77**
G. Investment in pass through certificates						
(a) Investment carried at fair value through other comprehensive income						
Goldstein IFMR Capital	43.00	8,57,170	2.45	43.00	8,57,170	2.91
Smith IFMR Capital	4.00	1,20,96,782	3.30	4.00	1,20,96,782	3.85
Syme IFMR Capital	1.00	1,42,10,515	1.12	1.00	1,42,10,515	1.42
Moses IFMR Capital	1.00	22,50,000	0.22	1.00	22,50,000	0.23
Total investment in pass through certificate (G)			**7.09**			**8.41**

Note 7 : Investments

₹ in crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
H. Investment in security receipts						
(a) Investment carried at fair value through profit or loss						
Phoenix ARF Scheme 6	1,000.00	9,843	-	1,000.00	9,843	0.25
Phoenix ARF Scheme 9	1.00	6,612	*0.00	1.00	6,612	*0.00
Phoenix ARF Scheme 11	1.00	44,208	*0.00	1.00	44,208	*0.00
Phoenix ARF Scheme 13	5.00	27,404	0.01	5.00	27,404	0.01
Phoenix ARF Scheme 14	1,000.00	34,882	2.61	1,000.00	34,882	2.61
Phoenix Trust FY19-6	899.00	12,49,500	112.33	903.00	12,49,500	112.83
JM Financial Asset Reconstruction Company Private Limited (Series I - JMFARC-IRIS December 2016 - Trust)	1,000.00	6,885	-	1,000.00	6,885	-
EARC Trust SC - 258 - Series I	551.40	6,46,510	1.78	932.90	6,46,510	27.14
JMFARC LTF June 2017 Trust	710.67	2,97,500	9.71	748.14	2,97,500	22.21
JMFARC LTF June 2017 Trust	710.67	4,80,849	17.95	748.14	4,80,849	35.89
Suraksha ARC - 024 Trust	1,000.00	7,85,400	78.54	1,000.00	7,85,400	78.54
Phoenix Trust FY 20-4	522.00	8,16,000	42.60	-	-	-
Omkara PS10/2019-20 Trust	1,000.00	3,48,500	23.91	-	-	-
EARC TRUST SC 367	999.91	1,02,27,115	1,021.13	-	-	-
ARCIL-CPS-062-I-Trust	1,000	13,55,750	135.58	-	-	-
Suraksha ARC - 037 Trust	1,000.00	1,10,71,25,000	109.47	-	-	-
Total investment in security receipts (H)			**1,555.62**			**279.48**
Total investments (I)			**3,328.04**			**4,684.30**
(i) Investments outside India			-			-
(ii) Investments in India			3,328.04			4,684.30
Total Investments (II)			**3,328.04**			**4,684.30**
Less: Allowance for Impairment loss (III)						
Investment carried at fair value through other comprehensive income			**250.59**			**-**
Net total investment (IV)= (I)-(III)			**3,077.45**			**4,684.30**

***Amount less than ₹ 1 lakh**

L&T Finance Limited
Notes forming part of the financial statements

Note 8 : Other financials assets

₹ in crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Security deposit	62.69	76.97
Other advances	3.27	3.26
Receivable on sale of Investment	-	14.92
Margin money deposits	0.45	12.15
Accrued interest on fixed deposit	-	0.24
Total other financials assets	**66.41**	**107.54**

L&T Finance Limited

Notes forming part of the financial statements

Note 9 : Property, plant and equipment

₹ in crore

Particulars	Gross carrying value				Accumulated depreciation				Net carrying value	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings : Owned	0.38	-	-	0.38	0.02	0.01	-	0.03	**0.35**	**0.36**
Lease hold renovation : Owned	14.17	0.55	3.65	11.07	8.53	2.57	3.38	7.72	**3.35**	**5.64**
Plant and equipments : Lease out	11.84	-	5.14	6.70	4.92	1.58	2.77	3.73	**2.97**	**6.92**
Computers : Owned	32.97	6.27	-	39.24	12.62	9.53	-	22.15	**17.09**	**20.35**
Furniture and fixtures										
Owned	8.16	1.73	0.01	9.88	4.54	1.76	0.01	6.29	3.59	3.62
Leased out	4.74	-	-	4.74	3.00	0.56	-	3.56	1.18	1.74
Sub total - Furniture and fittings	**12.90**	**1.73**	**0.01**	**14.62**	**7.54**	**2.32**	**0.01**	**9.85**	**4.77**	**5.36**
Office equipment										
Owned	5.93	2.48	0.21	8.20	3.11	1.79	0.14	4.76	3.44	2.82
Leased out	0.01	-	-	0.01	-	-	-	-	0.01	0.01
Sub total - Office equipment	**5.94**	**2.48**	**0.21**	**8.21**	**3.11**	**1.79**	**0.14**	**4.76**	**3.45**	**2.83**
Vehicles										
Owned	1.20	0.68	-	1.88	0.50	0.38	-	0.88	1.00	0.70
Leased out	11.06	-	6.69	4.37	3.88	1.34	3.18	2.04	2.33	7.18
Sub total - Vehicles	**12.26**	**0.68**	**6.69**	**6.25**	**4.38**	**1.72**	**3.18**	**2.92**	**3.33**	**7.88**
Total	**90.46**	**11.71**	**15.70**	**86.47**	**41.12**	**19.52**	**9.48**	**51.16**	**35.31**	**49.34**

Note 9 : Property, plant and equipment

₹ in crore

Particulars	Gross carrying value				Accumulated depreciation				Net carrying value	
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	For the year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings : Owned	0.38	-	-	0.38	0.01	0.01	-	0.02	**0.36**	**0.37**
Lease hold renovation : Owned	12.53	1.64	-	14.17	4.33	4.20	-	8.53	**5.64**	**8.20**
Plant and equipments : Lease out	25.81	-	13.97	11.84	5.06	4.93	5.07	4.92	**6.92**	**20.75**
Computers										
Owned	19.76	14.01	0.80	32.97	6.10	7.14	0.62	12.62	20.35	13.66
Leased out	0.74	-	0.74	-	0.55	0.10	0.65	-	-	0.19
Sub total - Computers	**20.50**	**14.01**	**1.54**	**32.97**	**6.65**	**7.24**	**1.27**	**12.62**	**20.35**	**13.85**
Furniture and fixtures										
Owned	6.40	1.81	0.05	8.16	2.15	2.41	0.02	4.54	3.62	4.25
Leased out	7.95	-	3.21	4.74	2.08	1.51	0.59	3.00	1.74	5.87
Sub total - Furniture and fittings	**14.35**	**1.81**	**3.26**	**12.90**	**4.23**	**3.92**	**0.61**	**7.54**	**5.36**	**10.12**
Office equipment										
Owned	4.26	1.80	0.13	5.93	1.44	1.75	0.08	3.11	2.82	2.82
Leased out	0.45	-	0.44	0.01	0.31	0.05	0.36	-	0.01	0.14
Sub total - Office equipment	**4.71**	**1.80**	**0.57**	**5.94**	**1.75**	**1.80**	**0.44**	**3.11**	**2.83**	**2.96**
Vehicles										
Owned	1.20	-	-	1.20	0.21	0.29	-	0.50	0.70	0.99
Leased out	21.65	-	10.59	11.06	4.36	3.14	3.62	3.88	7.18	17.29
Sub total - Vehicles	**22.85**	**-**	**10.59**	**12.26**	**4.57**	**3.43**	**3.62**	**4.38**	**7.88**	**18.28**
Total	**101.13**	**19.26**	**29.93**	**90.46**	**26.60**	**25.53**	**11.01**	**41.12**	**49.34**	**74.53**

L&T Finance Limited

Notes forming part of the financial statements

Note 10 : Other intangible assets, Goodwill and Intangible assets under development

₹ in crore

Particulars	Gross carrying value				Accumulated Amortization				Net carrying value	
	As at April 1, 2019	Additions	Disposals	As at March 31, 2020	As at April 1, 2019	For the year	Disposals	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Other intangible assets										
Specialised software	77.22	28.14	-	105.36	38.03	20.42	-	58.45	46.91	39.19
Distribution and customer network rights (refer footnote)	438.80	-	-	438.80	263.28	87.76	-	351.04	87.76	175.52
(a) Total other intangible assets	**516.02**	**28.14**	**-**	**544.16**	**301.31**	**108.18**	**-**	**409.49**	**134.67**	**214.71**
(b) Goodwill (refer footnote)	**2,828.51**	**-**	**-**	**2,828.51**	**1,697.10**	**565.71**	**-**	**2,262.81**	**565.70**	**1,131.41**
(c) Intangible assets under development									**44.56**	**18.48**

₹ in crore

Particulars	Gross carrying value				Accumulated Amortization				Net carrying value	
	As at April 1, 2018	Additions	Disposals	As at March 31, 2019	As at April 1, 2018	For the year	Disposals	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Other intangible assets										
Specialised software	40.35	36.90	0.03	77.22	26.09	11.94	0.00	38.03	39.19	14.26
Distribution and customer network rights (refer footnote)	438.80	-	-	438.80	175.52	87.76	-	263.28	175.52	263.28
(a) Total other intangible assets	**479.15**	**36.90**	**0.03**	**516.02**	**201.61**	**99.70**	**-**	**301.31**	**214.71**	**277.54**
(b) Goodwill (refer footnote)	**2,828.51**	**-**	**-**	**2,828.51**	**1,131.40**	**565.70**	**-**	**1,697.10**	**1,131.41**	**1,697.11**
(c) Intangible assets under development									**18.48**	**9.23**

Footnote:

Pursuant to the Orders of Honorable Calcutta High Court and the National Company Law Tribunal, Mumbai Bench (the" Honorable Courts"), the erstwhile L&T Finance Limited (U65990MH1994PLC083147) and L&T FinCorp Limited (U65910MH1997PLC108179) have been merged with Family Credit Limited (now known as L&T Finance Limited - U65910WB1993FLC060810) (the "Amalgamated Company"), effective from February 13, 2017 with the Appointed Date being April 1, 2016.

Consequent to the scheme becoming effective, net assets of Transferor Company amounting to ₹ 3,157.29 crore as on the Appointed Date have been transferred to the Transferee Company at their respective fair values and the fair value of Distribution and Customer Network Rights ("DCNR") as determined by an Independent Valuer, have been recognised as a part of Other Intangible Asset at a valuation of ₹438.80 crore. The balance amount of ₹ 2,828.51 crore has been recorded as Goodwill on amalgamation. These intangible assets, i.e. the DCNR and Goodwill on amalgamation, are being amortised on a straight line basis over a period of 5 years with effect from April 01, 2016 in terms of the Scheme of Arrangement of the Honorable Courts.

Note 11 : Other non-financials assets

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	50.01	9.59
Advances to others	5.38	25.75
Amount paid under protest	38.23	41.96
Capital advances	9.62	11.78
Assets acquired in settlement of claims	19.70	24.47
Total other non-financials Assets	**122.94**	**113.55**

Note 12 : Payables

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Trade payables		
Micro enterprises and small enterprises (refer note: 42)	-	-
Due to others	9.01	34.69
Due to related parties (refer note: 32)	22.39	51.34
Total trade payables (i)	**31.40**	**86.03**
(ii) Other payables		
Micro enterprises and small enterprises (refer note: 42)	-	-
Due to others	-	12.71
Due to related parties (refer note: 32)	-	0.40
Total other payables (i+ii)	**-**	**13.11**
Total payables	**31.40**	**99.14**

Note 13 : Debt securities

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) At amortised cost		
- Commercial papers (net) (refer note 13 (b))	2,419.79	7,064.36
- Redeemable non convertible debentures (refer note 13 (a))	14,062.08	16,007.24
Total debt securities (A)	**16,481.87**	**23,071.60**
(B)		
(I) Debt securities in India		
(i) At amortised cost	16,481.87	23,071.60
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total debt securities in India (I = i+ii+iii)	**16,481.87**	**23,071.60**
(II) Debt securities outside India		
(i) At amortised cost	-	-
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total debt securities in outside India (II = i+ii+iii)	**-**	**-**
Total debt securities (B) = (I)+(II)	**16,481.87**	**23,071.60**

Note 13 (a)

Secured redeemable non convertible debentures as on March 31, 2020

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2020 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series V option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	7.96	9.20%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series V option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	110.25	9.35%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	0.70	8.84%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	101.11	8.98%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	11.30	8.85%	15-Apr-27	Redeemable at par at the end of 2922 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	378.68	9.05%	15-Apr-27	Redeemable at par at the end of 2922 days from the date of allotment
Series VII option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	0.45	8.52%	15-Apr-27	Redeemable at par at the end of 2922 days from the date of allotment
Series VII option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	17.35	8.70%	15-Apr-27	Redeemable at par at the end of 2922 days from the date of allotment
Series VI option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	25.31	8.50%	23-Dec-26	Redeemable at par at the end of 2557 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	402.90	8.65%	23-Dec-26	Redeemable at par at the end of 2557 days from the date of allotment
Series C FY 2019-20	₹ 10 lakh each	31-Jul-19	15.85	8.55%	31-Jul-26	Redeemable at par at the end of 2557 days from the date of allotment
Series B FY 2019-20	₹ 10 lakh each	28-May-19	913.15	8.80%	28-May-26	Redeemable at par at the end of 2557 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	23.50	8.45%	23-Dec-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	329.40	8.60%	23-Dec-24	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	0.79	8.15%	23-Dec-24	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	74.59	8.29%	23-Dec-24	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	78.27	8.80%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	200.15	9.00%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	1.54	8.48%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	21.76	8.66%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	0.25	8.81%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	19.74	9.01%	15-Apr-24	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	30.16	9.10%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	234.49	9.25%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	1.75	8.75%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	59.77	8.89%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series N FY 2018-19 option 2	₹ 10 lakh each	01-Feb-19	25.37	9.02%	11-Mar-24	Redeemable at par at the end of 1865 days from the date of allotment
Series K FY 2018-19 option 2	₹ 10 lakh each	11-Jan-19	25.45	9.00%	09-Feb-24	Redeemable at par at the end of 1855 days from the date of allotment
Series J FY 2018-19	₹ 10 lakh each	04-Jan-19	817.31	9.00%	04-Jan-24	Redeemable at par at the end of 1826 days from the date of allotment
Series E FY 2018-19	₹ 10 lakh each	02-Aug-18	37.05	8.86%	02-Aug-23	Redeemable at par at the end of 1826 days from the date of allotment
Series F FY 2019-20	₹ 10 lakh each	04-Mar-20	75.39	7.68%	03-Mar-23	Redeemable at par at the end of 1094 days from the date of allotment
Series E FY 2019-20	₹ 10 lakh each	24-Jan-20	410.05	8.25%	24-Jan-23	Redeemable at par at the end of 1096 days from the date of allotment
Series I option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	30.12	8.25%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series I option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	422.19	8.45%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series II option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	6.33	8.26%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series II option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	63.08	8.46%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series III option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	0.84	7.96%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series III option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-Dec-19	42.97	8.15%	23-Dec-22	Redeemable at par at the end of 1096 days from the date of allotment
Series T FY 2017-18	₹ 25 lakh each	12-Dec-17	86.97	7.95%	12-Dec-22	Redeemable at par at the end of 1826 days from the date of allotment
Reissuance-Series G FY 2018-19 Opt 3 (Original issuance series T FY 2017-18)	₹ 10 lakh each	31-Oct-18	16.34	7.95%	12-Dec-22	Redeemable at par at the end of 1503 days from the date of allotment

L&T Finance Limited
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Note 13 (a)
Secured redeemable non convertible debentures as on March 31, 2020

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2020 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series N FY 2017-18	₹ 25 lakh each	06-Oct-17	321.61	7.70%	06-Oct-22	Redeemable at par at the end of 1826 days from the date of allotment
Reissuance- Series H FY 2018-19 Opt 2 (Original issuance series N FY 2017-18)	₹ 10 lakh each	20-Nov-18	65.02	7.70%	06-Oct-22	Redeemable at par at the end of 1416 days from the date of allotment
Series M FY 2017-18	₹ 25 lakh each	08-Aug-17	488.11	7.71%	08-Aug-22	Redeemable at par at the end of 1826 days from the date of allotment
Series L FY 2018-19 option 2	₹ 10 lakh each	24-Jan-19	50.82	8.93%	08-Aug-22	Redeemable at par at the end of 1292 days from the date of allotment
Series H FY 2017-18 opt 2	₹ 25 lakh each	21-Jun-17	26.51	7.81%	21-Jul-22	Redeemable at par at the end of 1856 days from the date of allotment
Series C FY 2018-19 opt 1	₹ 10 lakh each	06-Jul-18	40.65	8.95%	10-Jun-22	Redeemable at par at the end of 1435 days from the date of allotment
Series A FY 2018-19	₹ 10 lakh each	06-Jun-18	63.98	8.65%	28-Apr-22	Redeemable at par at the end of 1422 days from the date of allotment
Reissuance- Series A1 FY 2018-19 (Original issuance series A FY 2018-19)	₹ 10 lakh each	14-Nov-18	34.39	8.65%	28-Apr-22	Redeemable at par at the end of 1261 days from the date of allotment
Series A FY 2019-20 - MLD	₹ 10 lakh each	24-Apr-19	85.11	8.36%	22-Apr-22	Redeemable at par at the end of 1094 days from the date of allotment
Series I option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	119.22	8.70%	15-Apr-22	Redeemable at par at the end of 1096 days from the date of allotment
Series I option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	202.67	8.90%	15-Apr-22	Redeemable at par at the end of 1096 days from the date of allotment
Series II option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	3.75	8.71%	15-Apr-22	Redeemable at par at the end of 1096 days from the date of allotment
Series II option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-Apr-19	17.35	8.91%	15-Apr-22	Redeemable at par at the end of 1096 days from the date of allotment
Series I option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	176.35	9.00%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series I option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	686.15	9.10%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series II option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	5.52	9.00%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series II option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-Mar-19	87.53	9.10%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series G FY 2018-19 Opt 2	₹ 10 lakh each	31-Oct-18	86.25	9.48%	14-Mar-22	Redeemable at par at the end of 1230 days from the date of allotment
Series C FY 2018-19 opt 2	₹ 10 lakh each	06-Jul-18	132.49	8.92%	06-Oct-21	Redeemable at par at the end of 1188 days from the date of allotment
Reissuance - Series D3 FY 2018-19 Opt 3 (Original issuance series C FY 2018-19)	₹ 10 lakh each	31-Aug-18	52.23	8.92%	06-Oct-21	Redeemable at par at the end of 1132 days from the date of allotment
Series F FY 2018-19	₹ 10 lakh each	12-Sep-18	67.32	8.82%	03-Sep-21	Redeemable at par at the end of 1087 days from the date of allotment
Reissuance - Series G FY 2018-19 Opt 1 (Original issuance series F FY 2018-19)	₹ 10 lakh each	31-Oct-18	5.66	8.82%	03-Sep-21	Redeemable at par at the end of 1038 days from the date of allotment
Series D FY 2018-19 opt 2	₹ 10 lakh each	20-Jul-18	416.71	8.95%	16-Aug-21	Redeemable at par at the end of 1123 days from the date of allotment
Reissuance - Series D1 FY 2018-19 Opt 2 (Original issuance series D FY 2018-19 Opt 2)	₹ 10 lakh each	20-Aug-18	59.12	8.95%	16-Aug-21	Redeemable at par at the end of 1092 days from the date of allotment
Series D FY 2018-19 opt 1	₹ 10 lakh each	20-Jul-18	28.93	8.92%	30-Jul-21	Redeemable at par at the end of 1106 days from the date of allotment
Reissuance - Series D1 FY 2018-19 Opt 1 (Original issuance series D FY 2018-19 Opt 1)	₹ 10 lakh each	20-Aug-18	12.51	8.92%	30-Jul-21	Redeemable at par at the end of 1075 days from the date of allotment
Series W FY 2017-18	₹ 25 lakh each	28-Mar-18	95.07	8.25%	21-Jun-21	Redeemable at par at the end of 1181 days from the date of allotment
Reissuance - Series “W”1-FY 2017-18 (Original issuance series W FY 2017-18)	₹ 10 lakh each	27-Jul-18	79.71	8.25%	21-Jun-21	Redeemable at par at the end of 1060 days from the date of allotment
Reissuance - Series “W”2-FY 2017-18 (Original issuance series W FY 2017-18)	₹ 10 lakh each	09-Aug-18	54.71	8.25%	21-Jun-21	Redeemable at par at the end of 1047 days from the date of allotment
Series C FY 2016-17 opt 2	₹ 25 lakh each	13-Jun-16	10.70	8.80%	11-Jun-21	Redeemable at par at the end of 1824 days from the date of allotment
Series V FY 2017-18	₹ 25 lakh each	27-Mar-18	96.78	8.25%	08-Apr-21	Redeemable at par at the end of 1108 days from the date of allotment

Note 13 (a)
Secured redeemable non convertible debentures as on March 31, 2020

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2020 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series M FY 2018-19 option 3- MLD	₹ 10 lakh each	18-Jan-19	32.53	8.61%	18-Jan-21	Redeemable at par at the end of 731 days from the date of allotment
Series S FY 2017-18	₹ 25 lakh each	06-Dec-17	218.87	7.84%	06-Jan-21	Redeemable at par at the end of 1127 days from the date of allotment
Series P FY 2017-18	₹ 25 lakh each	17-Oct-17	155.26	7.68%	18-Dec-20	Redeemable at par at the end of 1158 days from the date of allotment
Series Q FY 2017-18	₹ 25 lakh each	24-Nov-17	313.42	7.85%	11-Dec-20	Redeemable at par at the end of 1113 days from the date of allotment
Series R FY 2017-18	₹ 25 lakh each	04-Dec-17	769.14	7.90%	04-Dec-20	Redeemable at par at the end of 1096 days from the date of allotment
Series U FY 2017-18	₹ 25 lakh each	29-Dec-17	102.05	8.00%	27-Nov-20	Redeemable at par at the end of 1064 days from the date of allotment
Series O FY 2017-18	₹ 25 lakh each	13-Oct-17	517.77	7.65%	13-Nov-20	Redeemable at par at the end of 1127 days from the date of allotment
Series L FY 2017-18	₹ 25 lakh each	25-Jul-17	353.69	7.65%	20-Aug-20	Redeemable at par at the end of 1122 days from the date of allotment
Series D1 FY 2018-19 Opt 4	₹ 10 lakh each	20-Aug-18	84.30	8.75%	19-Aug-20	Redeemable at par at the end of 730 days from the date of allotment
Reissuance - Series D2 FY 2018-19 Opt 4 (Original issuance series D FY 2018-19 Opt 4)	₹ 10 lakh each	27-Aug-18	358.25	8.75%	19-Aug-20	Redeemable at par at the end of 723 days from the date of allotment
Series H FY 2017-18 opt 1	₹ 25 lakh each	21-Jun-17	53.02	7.76%	10-Aug-20	Redeemable at par at the end of 1146 days from the date of allotment
Series M FY 2018-19 option 2- MLD	₹ 10 lakh each	18-Jan-19	58.56	8.65%	10-Aug-20	Redeemable at par at the end of 570 days from the date of allotment
Series M FY 2018-19 option 1- MLD	₹ 10 lakh each	18-Jan-19	48.26	8.45%	17-Jul-20	Redeemable at par at the end of 546 days from the date of allotment
Series J FY 2017-18	₹ 25 lakh each	28-Jun-17	132.36	7.75%	26-Jun-20	Redeemable at par at the end of 1094 days from the date of allotment
Series I FY 2017-18	₹ 25 lakh each	23-Jun-17	132.49	7.75%	23-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series F FY 2017-18	₹ 25 lakh each	19-Jun-17	212.31	7.85%	19-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series G FY 2017-18	₹ 25 lakh each	20-Jun-17	398.00	7.85%	19-Jun-20	Redeemable at par at the end of 1095 days from the date of allotment
Series E FY 2017-18	₹ 25 lakh each	16-Jun-17	265.35	7.75%	16-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series D FY 2017-18	₹ 25 lakh each	09-Jun-17	223.37	7.85%	09-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series F FY 2016-17	₹ 25 lakh each	31-Mar-17	300.07	8.07%	29-May-20	Redeemable at par at the end of 1155 days from the date of allotment
Series C FY 2017-18	₹ 25 lakh each	25-May-17	26.67	7.85%	25-May-20	Redeemable at par at the end of 1096 days from the date of allotment
Series O FY 2018-19	₹ 10 lakh each	01-Mar-19	277.10	8.75%	22-May-20	Redeemable at par at the end of 448 days from the date of allotment
Series C FY 2015-16 opt 5	₹ 25 lakh each	20-May-15	28.00	8.87%	20-May-20	Redeemable at par at the end of 1827 days from the date of allotment
Series A FY 2017-18 opt 2	₹ 25 lakh each	10-Apr-17	107.61	7.80%	08-May-20	Redeemable at par at the end of 1124 days from the date of allotment
Series E FY 2016-17	₹ 25 lakh each	29-Mar-17	100.06	7.90%	29-Apr-20	Redeemable at par at the end of 1127 days from the date of allotment
			14,062.08			

Nature of Security :

The Debentures are secured by way of first/second charges, having pari passu right, as the case may be, on the company's specified immovable properties and specified lease/term loan receivables.

Secured redeemable non convertible debentures public issue :

During the year, The Company has raised ₹2,407.82 crore from the public issue. The Company has utilised ₹ 2,403.42 crore for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company (payment of interest and/or repayment/prepayment of principal of borrowings) and general corporate purpose. Total unutilised balance amount of ₹4.44 crore is in current account (includes ₹0.04 crore unutilised from amount raised in previous year).

Note 13 (b)
Commercial papers (net) as on March 31, 2020

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020
Bullet	Up to 1 years	upto 7.00%	1,999.69
		7.01% to 8.00%	172.71
		8.01% to 9.00%	247.39
Total			**2,419.79**

Note 13 (a)

Secured redeemable non convertible debentures as on March 31, 2019

Series details	Face value per debenture	Date of allotment	Balance as at March 31,2019 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series V option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	7.95	9.20%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series V option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	110.11	9.35%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	0.70	8.84%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	100.98	8.98%	13-Mar-29	Redeemable at par at the end of 3653 days from the date of allotment
Series III option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	30.09	9.10%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	233.90	9.25%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	1.75	8.75%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	59.62	8.89%	13-Mar-24	Redeemable at par at the end of 1827 days from the date of allotment
Series N FY 2018-19 option 2	₹ 10 lakh each	01-Feb-19	25.36	9.02%	11-Mar-24	Redeemable at par at the end of 1865 days from the date of allotment
Series K FY 2018-19 option 2	₹ 10 lakh each	11-Jan-19	25.43	9.00%	09-Feb-24	Redeemable at par at the end of 1855 days from the date of allotment
Series J FY 2018-19	₹ 10 lakh each	04-Jan-19	817.16	9.00%	04-Jan-24	Redeemable at par at the end of 1826 days from the date of allotment
Series E FY 2018-19	₹ 10 lakh each	02-Aug-18	37.04	8.86%	02-Aug-23	Redeemable at par at the end of 1826 days from the date of allotment
Series T FY 2017-18	₹ 25 lakh each	12-Dec-17	86.94	7.95%	12-Dec-22	Redeemable at par at the end of 1826 days from the date of allotment
Reissuance-Series G FY 2018-19 Opt 3 (Original issuance series T FY 2017-18)	₹ 10 lakh each	31-Oct-18	16.13	7.95%	12-Dec-22	Redeemable at par at the end of 1503 days from the date of allotment
Series N FY 2017-18	₹ 25 lakh each	06-Oct-17	321.57	7.70%	06-Oct-22	Redeemable at par at the end of 1826 days from the date of allotment
Reissuance- Series H FY 2018-19 Opt 2 (Original issuance series N FY 2017-18)	₹ 10 lakh each	20-Nov-18	64.05	7.70%	06-Oct-22	Redeemable at par at the end of 1416 days from the date of allotment
Series M FY 2017-18	₹ 25 lakh each	08-Aug-17	488.03	7.71%	08-Aug-22	Redeemable at par at the end of 1826 days from the date of allotment
Series L FY 2018-19 option 2	₹ 10 lakh each	24-Jan-19	50.80	8.93%	08-Aug-22	Redeemable at par at the end of 1292 days from the date of allotment
Series H FY 2017-18 opt 2	₹ 25 lakh each	21-Jun-17	26.51	7.81%	21-Jul-22	Redeemable at par at the end of 1856 days from the date of allotment
Series C FY 2018-19 opt 1	₹ 10 lakh each	06-Jul-18	37.30	8.95%	10-Jun-22	Redeemable at par at the end of 1435 days from the date of allotment
Series A FY 2018-19	₹ 10 lakh each	06-Jun-18	58.88	8.65%	28-Apr-22	Redeemable at par at the end of 1422 days from the date of allotment
Reissuance- Series A1 FY 2018-19 (Original issuance series A FY 2018-19)	₹ 10 lakh each	14-Nov-18	31.36	8.65%	28-Apr-22	Redeemable at par at the end of 1261 days from the date of allotment
Series I option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	175.64	9.00%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series I option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	683.40	9.10%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series II option 1 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	5.04	9.00%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series II option 2 FY 2018-19 (Public issue)	₹ 1000 each	13-Mar-19	79.85	9.10%	13-Apr-22	Redeemable at par at the end of 1127 days from the date of allotment
Series G FY 2018-19 Opt 2	₹ 10 lakh each	31-Oct-18	78.77	9.48%	14-Mar-22	Redeemable at par at the end of 1230 days from the date of allotment
Series C FY 2018-19 opt 2	₹ 10 lakh each	06-Jul-18	132.46	8.92%	06-Oct-21	Redeemable at par at the end of 1188 days from the date of allotment
Reissuance - Series D3 FY 2018-19 Opt 3 (Original issuance series C FY 2018-19)	₹ 10 lakh each	31-Aug-18	52.27	8.92%	06-Oct-21	Redeemable at par at the end of 1132 days from the date of allotment
Series F FY 2018-19	₹ 10 lakh each	12-Sep-18	61.86	8.82%	03-Sep-21	Redeemable at par at the end of 1087 days from the date of allotment

L&T Finance Limited
Notes forming part of the financial statements

Note 13 (a)
Secured redeemable non convertible debentures as on March 31, 2019

Series details	Face value per debenture	Date of allotment	Balance as at March 31,2019 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Reissuance - Series G FY 2018-19 Opt 1 (Original issuance series F FY 2018-19)	₹ 10 lakh each	31-Oct-18	5.16	8.82%	03-Sep-21	Redeemable at par at the end of 1038 days from the date of allotment
Series D FY 2018-19 opt 2	₹ 10 lakh each	20-Jul-18	382.41	8.95%	16-Aug-21	Redeemable at par at the end of 1123 days from the date of allotment
Reissuance - Series D1 FY 2018-19 Opt 2 (Original issuance series D FY 2018-19 Opt 2)	₹ 10 lakh each	20-Aug-18	54.32	8.95%	16-Aug-21	Redeemable at par at the end of 1092 days from the date of allotment
Series D FY 2018-19 opt 1	₹ 10 lakh each	20-Jul-18	26.56	8.92%	30-Jul-21	Redeemable at par at the end of 1106 days from the date of allotment
Reissuance - Series D1 FY 2018-19 Opt 1 (Original issuance series D FY 2018-19 Opt 1)	₹ 10 lakh each	20-Aug-18	11.49	8.92%	30-Jul-21	Redeemable at par at the end of 1075 days from the date of allotment
Series B FY 2018-19	₹ 10 lakh each	29-Jun-18	1,065.79	8.70%	29-Jun-21	Redeemable at par at the end of 1096 days from the date of allotment
Series W FY 2017-18	₹ 25 lakh each	28-Mar-18	95.06	8.25%	21-Jun-21	Redeemable at par at the end of 1181 days from the date of allotment
Reissuance - Series “W”1-FY 2017-18 (Original issuance series W FY 2017-18)	₹ 10 lakh each	27-Jul-18	79.21	8.25%	21-Jun-21	Redeemable at par at the end of 1060 days from the date of allotment
Reissuance - Series “W”2-FY 2017-18 (Original issuance series W FY 2017-18)	₹ 10 lakh each	09-Aug-18	54.43	8.25%	21-Jun-21	Redeemable at par at the end of 1047 days from the date of allotment
Series C FY 2016-17 opt 2	₹ 25 lakh each	13-Jun-16	10.70	8.80%	11-Jun-21	Redeemable at par at the end of 1824 days from the date of allotment
Series V FY 2017-18	₹ 25 lakh each	27-Mar-18	89.40	8.25%	08-Apr-21	Redeemable at par at the end of 1108 days from the date of allotment
Series M FY 2018-19 option 3- MLD	₹ 10 lakh each	18-Jan-19	29.86	8.61%	18-Jan-21	Redeemable at par at the end of 731 days from the date of allotment
Series S FY 2017-18	₹ 25 lakh each	06-Dec-17	218.74	7.84%	06-Jan-21	Redeemable at par at the end of 1127 days from the date of allotment
Series P FY 2017-18	₹ 25 lakh each	17-Oct-17	155.24	7.68%	18-Dec-20	Redeemable at par at the end of 1158 days from the date of allotment
Series Q FY 2017-18	₹ 25 lakh each	24-Nov-17	313.35	7.85%	11-Dec-20	Redeemable at par at the end of 1113 days from the date of allotment
Series R FY 2017-18	₹ 25 lakh each	04-Dec-17	768.89	7.90%	04-Dec-20	Redeemable at par at the end of 1096 days from the date of allotment
Series U FY 2017-18	₹ 25 lakh each	29-Dec-17	102.04	8.00%	27-Nov-20	Redeemable at par at the end of 1064 days from the date of allotment
Series O FY 2017-18	₹ 25 lakh each	13-Oct-17	517.56	7.65%	13-Nov-20	Redeemable at par at the end of 1127 days from the date of allotment
Series L FY 2017-18	₹ 25 lakh each	25-Jul-17	328.51	7.65%	20-Aug-20	Redeemable at par at the end of 1122 days from the date of allotment
Series D1 FY 2018-19 Opt 4	₹ 10 lakh each	20-Aug-18	84.28	8.75%	19-Aug-20	Redeemable at par at the end of 730 days from the date of allotment
Reissuance - Series D2 FY 2018-19 Opt 4 (Original issuance series D FY 2018-19 Opt 4)	₹ 10 lakh each	27-Aug-18	358.11	8.75%	19-Aug-20	Redeemable at par at the end of 723 days from the date of allotment
Series H FY 2017-18 opt 1	₹ 25 lakh each	21-Jun-17	53.02	7.76%	10-Aug-20	Redeemable at par at the end of 1146 days from the date of allotment
Series M FY 2018-19 option 2- MLD	₹ 10 lakh each	18-Jan-19	53.79	8.65%	10-Aug-20	Redeemable at par at the end of 570 days from the date of allotment
Series M FY 2018-19 option 1- MLD	₹ 10 lakh each	18-Jan-19	44.32	8.45%	17-Jul-20	Redeemable at par at the end of 546 days from the date of allotment
Series J FY 2017-18	₹ 25 lakh each	28-Jun-17	132.35	7.75%	26-Jun-20	Redeemable at par at the end of 1094 days from the date of allotment
Series I FY 2017-18	₹ 25 lakh each	23-Jun-17	132.48	7.75%	23-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series F FY 2017-18	₹ 25 lakh each	19-Jun-17	212.28	7.85%	19-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series G FY 2017-18	₹ 25 lakh each	20-Jun-17	397.98	7.85%	19-Jun-20	Redeemable at par at the end of 1095 days from the date of allotment
Series E FY 2017-18	₹ 25 lakh each	16-Jun-17	265.34	7.75%	16-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series D FY 2017-18	₹ 25 lakh each	09-Jun-17	223.34	7.85%	09-Jun-20	Redeemable at par at the end of 1096 days from the date of allotment
Series F FY 2016-17	₹ 25 lakh each	31-Mar-17	324.21	8.07%	29-May-20	Redeemable at par at the end of 1155 days from the date of allotment
Series C FY 2017-18	₹ 25 lakh each	25-May-17	26.67	7.85%	25-May-20	Redeemable at par at the end of 1096 days from the date of allotment

L&T Finance Limited
Notes forming part of the financial statements

Note 13 (a)
Secured redeemable non convertible debentures as on March 31, 2019

Series details	Face value per debenture	Date of allotment	Balance as at March 31,2019 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series O FY 2018-19	₹ 10 lakh each	01-Mar-19	276.53	8.75%	22-May-20	Redeemable at par at the end of 448 days from the date of allotment
Series C FY 2015-16 opt 5	₹ 25 lakh each	20-May-15	27.99	8.87%	20-May-20	Redeemable at par at the end of 1827 days from the date of allotment
Series A FY 2017-18 opt II	₹ 25 lakh each	10-Apr-17	107.60	7.80%	08-May-20	Redeemable at par at the end of 1124 days from the date of allotment
Series E FY 2016-17	₹ 25 lakh each	29-Mar-17	100.06	7.90%	29-Apr-20	Redeemable at par at the end of 1127 days from the date of allotment
Series D FY 2016-17 opt 2	₹ 25 lakh each	27-Mar-17	25.03	7.90%	27-Mar-20	Redeemable at par at the end of 1096 days from the date of allotment
Series L FY 2018-19 option 1	₹ 10 lakh each	24-Jan-19	203.21	8.81%	13-Mar-20	Redeemable at par at the end of 414 days from the date of allotment
Series K FY 2018-19 option 1	₹ 10 lakh each	11-Jan-19	305.76	8.81%	11-Mar-20	Redeemable at par at the end of 425 days from the date of allotment
Series P FY 2014-15 opt 4	₹ 25 lakh each	24-Feb-15	25.22	9.25%	24-Feb-20	Redeemable at par at the end of 1826 days from the date of allotment
Series D3 FY 2018-19 Opt 2	₹ 10 lakh each	31-Aug-18	26.26	8.62%	30-Jan-20	Redeemable at par at the end of 517 days from the date of allotment
Reissuance- Series H FY 2018-19 Opt 1 (Original issuance series D3 FY 2018-19 Opt 2)	₹ 10 lakh each	20-Nov-18	54.21	8.62%	30-Jan-20	Redeemable at par at the end of 436 days from the date of allotment
Series J FY 2016-17 opt 2	₹ 25 lakh each	19-Jan-17	152.25	7.83%	20-Jan-20	Redeemable at par at the end of 1096 days from the date of allotment
Series I FY 2018-19	₹ 10 lakh each	05-Dec-18	1,233.76	9.36%	20-Dec-19	Redeemable at par at the end of 380 days from the date of allotment
Series D1 FY 2018-19 Opt 3	₹ 10 lakh each	20-Aug-18	26.32	8.60%	19-Dec-19	Redeemable at par at the end of 486 days from the date of allotment
Reissuance - Series D3 FY 2018-19 Opt 1 (Original issuance series D1 FY 2018-19 Opt 3)	₹ 10 lakh each	31-Aug-18	52.63	8.60%	19-Dec-19	Redeemable at par at the end of 475 days from the date of allotment
Series A FY 2016-17 opt 7	₹ 25 lakh each	13-Apr-16	4.34	8.68%	30-Sep-19	Redeemable at par at the end of 1265 days from the date of allotment
Series E FY 2016-17 opt 1	₹ 25 lakh each	23-Aug-16	14.56	8.54%	30-Sep-19	Redeemable at par at the end of 1133 days from the date of allotment
NCD 2009 series 4 (Public issue)	₹ 1000 each	17-Sep-09	479.60	10.24%	17-Sep-19	Redeemable at par at the end of 3652 days from the date of allotment
Series A FY 2016-17 opt 6	₹ 25 lakh each	13-Apr-16	81.29	8.68%	12-Sep-19	Redeemable at par at the end of 1247 days from the date of allotment
Series G FY 2016-17	₹ 25 lakh each	12-Sep-16	209.15	8.31%	12-Sep-19	Redeemable at par at the end of 1095 days from the date of allotment
Series F FY 2016-17	₹ 25 lakh each	08-Sep-16	52.31	8.31%	06-Sep-19	Redeemable at par at the end of 1093 days from the date of allotment
Series B FY 2016-17	₹ 25 lakh each	20-Apr-16	324.60	8.65%	20-Aug-19	Redeemable at par at the end of 1217 days from the date of allotment
Series I FY 2016-17	₹ 25 lakh each	09-Aug-16	52.70	8.40%	09-Aug-19	Redeemable at par at the end of 1095 days from the date of allotment
Series H FY 2016-17 opt 1	₹ 25 lakh each	05-Aug-16	75.96	7.37%	05-Aug-19	Redeemable at par at the end of 1095 days from the date of allotment
Series B FY 2016-17 opt 2	₹ 25 lakh each	05-Aug-16	5.28	8.65%	05-Aug-19	Redeemable at par at the end of 1095 days from the date of allotment
Series D FY 2016-17 opt 1	₹ 25 lakh each	18-Aug-16	3.10	8.55%	05-Aug-19	Redeemable at par at the end of 1082 days from the date of allotment
Series G FY 2016-17 opt 2	₹ 25 lakh each	03-Aug-16	79.18	8.45%	02-Aug-19	Redeemable at par at the end of 1094 days from the date of allotment
Series E FY 2016-17 opt 2	₹ 25 lakh each	29-Jun-16	3.15	8.71%	22-Jul-19	Redeemable at par at the end of 1118 days from the date of allotment
Series K FY 2017-18	₹ 25 lakh each	19-Jul-17	421.45	7.65%	19-Jul-19	Redeemable at par at the end of 730 days from the date of allotment
Series C FY 2016-17 opt 2	₹ 25 lakh each	24-May-16	3.80	8.64%	28-Jun-19	Redeemable at par at the end of 1130 days from the date of allotment
Series E FY 2016-17 opt 1	₹ 25 lakh each	29-Jun-16	138.57	8.72%	28-Jun-19	Redeemable at par at the end of 1094 days from the date of allotment
Series D FY 2016-17 opt 1	₹ 25 lakh each	14-Jun-16	53.48	8.72%	14-Jun-19	Redeemable at par at the end of 1095 days from the date of allotment
Series A FY 2016-17 opt 5	₹ 25 lakh each	13-Apr-16	298.11	8.69%	13-Jun-19	Redeemable at par at the end of 1156 days from the date of allotment
Series C FY 2016-17 opt 1	₹ 25 lakh each	13-Jun-16	10.70	8.80%	13-Jun-19	Redeemable at par at the end of 1095 days from the date of allotment
Series E FY 2015-16 opt 7	₹ 25 lakh each	04-Jun-15	34.63	8.88%	04-Jun-19	Redeemable at par at the end of 1461 days from the date of allotment
Series A FY 2016-17 opt 4	₹ 25 lakh each	13-Apr-16	27.10	8.69%	31-May-19	Redeemable at par at the end of 1143 days from the date of allotment
Series D FY 2015-16 opt 3	₹ 25 lakh each	27-May-15	56.20	8.88%	27-May-19	Redeemable at par at the end of 1461 days from the date of allotment

Note 13 (a)
Secured redeemable non convertible debentures as on March 31, 2019

Series details	Face value per debenture	Date of allotment	Balance as at March 31,2019 (₹ crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series C FY 2016-17 opt 1	₹ 25 lakh each	24-May-16	53.70	8.65%	24-May-19	Redeemable at par at the end of 1095 days from the date of allotment
Series B FY 2016-17 opt 2	₹ 25 lakh each	20-May-16	21.52	8.80%	20-May-19	Redeemable at par at the end of 1095 days from the date of allotment
Series N FY 2015-16	₹ 25 lakh each	29-Mar-16	185.14	8.90%	29-Apr-19	Redeemable at par at the end of 1126 days from the date of allotment
Series A FY 2016-17	₹ 25 lakh each	20-Apr-16	10.83	8.80%	19-Apr-19	Redeemable at par at the end of 1094 days from the date of allotment
Series A FY 2016-17 opt 3	₹ 25 lakh each	13-Apr-16	10.84	8.70%	12-Apr-19	Redeemable at par at the end of 1094 days from the date of allotment
Series A FY 2017-18 opt I	₹ 25 lakh each	10-Apr-17	161.28	7.71%	10-Apr-19	Redeemable at par at the end of 730 days from the date of allotment
			16,007.24			

Nature of Security :
The Debentures are secured by way of first/second charges, having pari passu right, as the case may be, on the company's specified immovable properties and specified lease/term loan receivables.

Secured redeemable non convertible debentures public issue :
During the year, The Company has raised ₹1,500 crore from the public issue. The Company has utilised ₹ 1,495.35 crore for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company (payment of interest and/or repayment/prepayment of principal of borrowings) and general corporate purpose. The unutilised balance amount of ₹4.65 crore is in current account.

Note 13 (b)
Commercial papers (net) as on March 31,2019

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹ crore)
Bullet	Up to 1 years	7.01% to 8.00%	4,424.26
		8.01% to 9.00%	1,110.06
		9.01% to 10.00%	1,530.04
Total			**7,064.36**

L&T Finance Limited
Notes forming part of the financial statements

Note 14 : Borrowings (other than debt securities) ₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) At amortised cost		
(a) Term loans		
(i) from banks (refer note 14 (a))	12,349.75	9,661.43
(ii) from financial institutions (refer note 14 (b))	1,398.74	1,477.13
(b) Term loans from bank - FCNR (refer note 14 (c-1))	-	107.32
(c) External commercial borrowings (refer note 14 (c-2))	2,874.92	-
(d) Loan from related parties (refer note 14 (d))	887.37	169.36
(e) Loan repayable on demand		
(i) from banks (refer note 14 (e))	8,118.05	8,781.30
(f) Corporate bond repo (refer note 14 (f))	-	323.62
(g) Collateralized borrowing and lending obligation (refer note 14 (g))	-	1,619.70
Total borrowings (other than debt securities) (A)	**25,628.83**	**22,139.86**
(B)		
(I) Borrowings (other than debt securities) in India		
(i) At amortised cost	22,753.91	22,139.86
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total borrowings (other than debt securities) in India (I = i+ii+iii)	**22,753.91**	**22,139.86**
(II) Borrowings (other than debt securities) outside India		
(i) At amortised Cost	2,874.92	-
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total borrowings (other than debt securities) in outside India (II = i+ii+iii)	**2,874.92**	**-**
Total borrowings (other than debt securities) (B) = (I)+(II)	**25,628.83**	**22,139.86**

Note 14 (a)
Term loans from bank as on March 31, 2020 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Bullet	Up to 5 Years	7.01% - 8.00%	1,199.68
	Above 5 Years	8.01% - 9.00%	300.00
Annually	Up to 5 Years	7.01% - 8.00%	900.19
	Above 5 Years	8.01% - 9.00%	174.94
Half Yearly	Up to 5 Years	7.01% - 8.00%	1,542.93
	Up to 5 Years	8.01% - 9.00%	3,880.02
	Above 5 Years	8.01% - 9.00%	999.99
Quarterly	Up to 5 Years	7.01% - 8.00%	537.39
	Up to 5 Years	8.01% - 9.00%	2,365.04
	Above 5 Years	7.01% - 8.00%	449.57
Total			**12,349.75**

Nature of Security :
Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

Note 14 (b)
Term loans from financial institutions as on March 31, 2020 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Half Yearly	Up to 5 Years	8.01% - 9.00%	192.96
Quarterly	Up to 5 Years	7.01% - 8.00%	803.85
Quarterly	Above 5 Years	7.01% - 8.00%	401.93
Total			**1,398.74**

Nature of Security :
Term loan from financial institutions is secured by hypothecation of specified lease/term loan receivables.

Note 14 (c-2)
External commercial borrowings as on March 31, 2020 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Bullet	Up to 5 Years	8.01%-9.00%	2,874.92
Total			**2,874.92**

Nature of Security :
External commercial borrowings Loan is secured againt first charge on specific receivables pertaining to Farm Equipments.

Note 14 (d)
Loan from related parties as on March 31, 2020 : Unsecured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Bullet	Up to 1 Year	8.01% to 9.00%	887.37
Total			**887.37**

L&T Finance Limited
Notes forming part of the financial statements

Note 14 (e)

Loan repayable on demand from bank as on March 31, 2020 : Secured

Nature	Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Line of credit	Bullet	Up to 5 Years	7.01% - 8.00%	249.50
Line of credit	Bullet	Up to 5 Years	8.01% - 9.00%	769.43
Line of credit	Bullet	Up to 5 Years	9.01% - 10.00%	555.47
Working Capital Demand	Bullet	Up to 5 Years	7.01% - 8.00%	2,059.88
Working Capital Demand	Bullet	Up to 5 Years	8.01% - 9.00%	785.00
Working Capital Demand	Bullet	Up to 5 Years	9.01% - 10.00%	480.00
Bank overdraft/Cash Credit	Bullet	Up to 5 Years	7.01% - 8.00%	234.23
Bank overdraft/Cash Credit	Bullet	Up to 5 Years	8.01% - 9.00%	129.04
Bank overdraft/Cash Credit	Bullet	Up to 5 Years	9.01% - 10.00%	134.15
Total				**5,396.70**

Nature of Security :

Loan repayable on demand from bank is secured by hypothecation of specified lease/term loan receivables.

Loan repayable on demand as on March 31, 2020 : Unsecured

Nature	Repayment Term	Tenure	Interest Range	Balance as at March 31, 2020 (₹crore)
Line of credit	Bullet	Up to 5 Years	8.01% - 9.00%	1,200.00
Line of credit	Bullet	Up to 5 Years	9.01% - 10.00%	420.00
Working Capital Demand	Bullet	Up to 5 Years	7.01% - 8.00%	201.35
Working Capital Demand	Bullet	Up to 5 Years	8.01% - 9.00%	300.00
Working Capital Demand	Bullet	Up to 5 Years	9.01% - 10.00%	600.00
Total				**2,721.35**

L&T Finance Limited
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Note 14 (a)
Term loans from bank as on March 31, 2019 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Bullet	Up to 5 Years	8.01% - 9.00%	1,390.00
	Up to 5 Years	9.01% - 10.00%	250.00
	Above 5 Years	8.01% - 9.00%	700.00
Annually	Up to 5 Years	9.01% - 10.00%	750.00
	Above 5 Years	9.01% - 10.00%	185.00
Half Yearly	Up to 5 Years	8.01% - 9.00%	1,706.08
	Up to 5 Years	9.01% - 10.00%	3,180.35
	Above 5 Years	8.01% - 9.00%	1,500.00
Total			**9,661.43**

Nature of Security :
Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

Note 14 (b)
Term loans from financial institutions as on March 31, 2019 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Half Yearly	Up to 5 Years	8.01% - 9.00%	271.35
Quarterly	Up to 5 Years	7.01% - 8.00%	805.78
	Above 5 Years	7.01% - 8.00%	400.00
Total			**1,477.13**

Nature of Security :
Term loan from financial institutions is secured by hypothecation of specified lease/term loan receivables.

Note 14 (c-1)
Term loans from bank- FCNR as on March 31, 2019 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Bullet	Up to 5 Years	8.01%-9.00%	107.32
Total			**107.32**

Nature of Security :
Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

Note 14 (d)
Loan from related parties as on March 31, 2019 : Unsecured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Bullet	Up to 1 Year	7.01% to 8.00%	3.25
		9.01% to 10.00%	166.11
Total			**169.36**

Note 14 (e)
Loan repayable on demand from bank as on March 31, 2019 : Secured

Nature	Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Line of credit	Bullet	Up to 5 Years	8.01% - 9.00%	1,299.00
Working Capital Demand	Bullet	Up to 5 Years	8.01% - 9.00%	848.00
Working Capital Demand	Bullet	Up to 5 Years	9.01% - 10.00%	1,085.00
Bank overdraft/Cash Credit	Bullet	Up to 5 Years	8.01% - 9.00%	279.85
Bank overdraft/Cash Credit	Bullet	Up to 5 Years	9.01% - 10.00%	29.45
Total				**3,541.30**

Nature of Security :
Loan repayable on demand from bank is secured by hypothecation of specified lease/term loan receivables.

Loan repayable on demand as on March 31, 2019 : Unsecured

Nature	Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Line of credit	Bullet	Up to 5 Years	8.01% - 9.00%	2,390.00
Line of credit	Bullet	Up to 5 Years	9.01% - 10.00%	2,050.00
Working Capital Demand	Bullet	Up to 5 Years	8.01% - 9.00%	800.00
Total				**5,240.00**

Note 14 (f)

Corporate bond repo as on March 31, 2019 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Bullet	Up to 1 month	8.01% to 9.00%	323.62
Total			**323.62**

Nature of Security :

Secured by hypothecation of any Corporate Bonds of Investment held by the Company.

Note 14 (g)

Collateralized borrowing and lending obligation as on March 31, 2019 : Secured

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2019 (₹crore)
Bullet	4 days	upto 7.00%	1,525.57
		7.01% to 8.00%	94.13
Total			**1,619.70**

Nature of Security :

Collateralized borrowing and lending obligation is secured by hypothecation of eligible Government Bonds as approved by The Clearing Corporation of India Limited.

Note 15 : Subordinated liabilities

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
(A)		
(i) At amortised cost		
(a) Perpetual debt Instruments to the extent that do not qualify as equity (Refer note 15 (a))	255.87	260.81
(b) Subordinate debt Instruments (Refer note 15 (b))	885.88	863.61
Total subordinated liabilities (A)	**1,141.75**	**1,124.42**
(B)		
(I) Subordinated liabilities in India		
(i) At amortised cost	1,141.75	1,124.42
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total subordinated liabilities in India (I = i+ii+iii)	**1,141.75**	**1,124.42**
(II) Subordinated liabilities outside India		
(i) At amortised cost	-	-
(ii) At fair value through profit or loss	-	-
(iii) Designated at fair value through profit or loss	-	-
Total subordinated liabilities in outside India (II = i+ii+iii)	**-**	**-**
Total subordinated liabilities (B) = (I)+(II)	**1,141.75**	**1,124.42**

Note 15 (a)

Unsecured redeemable non convertible debentures as on March 31,2020 : Perpetual debt instruments

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2020 (₹ crore)	Interest rate %p.a.	Date of redemption	Redeemable terms
Series I FY 2015-16	₹ 10 lakh each	30-Mar-16	50.03	10.10%	30-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series F FY 2011-12	₹ 10 lakh each	30-Dec-11	205.84	11.50%	30-Dec-21	Redeemable at par at the end of 3653 days from the date of allotment
			255.87			

Note 15 (b)

Unsecured redeemable non convertible debentures as on March 31,2020 : Subordinate debt instruments

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2020 (₹ crore)	Interest rate %p.a.	Date of redemption	Redeemable terms
Series D FY 2019-20	₹ 10 lakh each	13-Sep-19	26.98	8.90%	13-Sep-29	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2015-16	₹ 10 lakh each	23-Mar-16	100.23	9.30%	23-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series H FY 2015-16	₹ 10 lakh each	04-Mar-16	50.36	9.48%	04-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series G FY 2015-16	₹ 10 lakh each	09-Feb-16	18.23	9.35%	09-Feb-26	Redeemable at par at the end of 3653 days from the date of allotment
Series F FY 2015-16	₹ 10 lakh each	29-Jan-16	32.52	9.35%	29-Jan-26	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2015-16	₹ 10 lakh each	09-Sep-15	105.18	9.25%	09-Sep-25	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 2014-15	₹ 10 lakh each	30-Mar-15	50.03	9.95%	28-Mar-25	Redeemable at par at the end of 3651 days from the date of allotment
Series M FY 2014-15	₹ 10 lakh each	31-Dec-14	51.25	9.95%	31-Dec-24	Redeemable at par at the end of 3653 days from the date of allotment
Series E FY 2014-15	₹ 10 lakh each	30-Jun-14	43.13	10.40%	28-Jun-24	Redeemable at par at the end of 3651 days from the date of allotment
Series F FY 2013-14	₹ 10 lakh each	27-Mar-14	50.07	10.90%	27-Mar-24	Redeemable at par at the end of 3653 days from the date of allotment
Series I FY 2013-14	₹ 10 lakh each	27-Mar-14	50.07	10.35%	27-Mar-24	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2013-14	₹ 10 lakh each	28-Feb-14	25.25	10.90%	28-Feb-24	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2012-13	₹ 10 lakh each	21-Dec-12	282.58	9.80%	21-Dec-22	Redeemable at par at the end of 3652 days from the date of allotment
			885.88			

Note 15 (a)

Unsecured redeemable non convertible debentures as on March 31,2019 : Perpetual debt instruments

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2019 (₹ crore)	Interest rate %p.a.	Date of redemption	Redeemable terms
Series I FY 2015-16	₹ 10 lakh each	30-Mar-16	55.08	10.10%	30-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series F FY 2011-12	₹ 10 lakh each	30-Dec-11	205.73	11.50%	30-Dec-21	Redeemable at par at the end of 3653 days from the date of allotment
			260.81			

Note 15 (b)

Unsecured redeemable non convertible debentures as on March 31,2019 : Subordinate debt instruments

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2019 (₹ crore)	Interest rate %p.a.	Date of redemption	Redeemable terms
Series M FY 2015-16	₹ 10 lakh each	23-Mar-16	100.18	9.30%	23-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series H FY 2015-16	₹ 10 lakh each	04-Mar-16	50.36	9.48%	04-Mar-26	Redeemable at par at the end of 3652 days from the date of allotment
Series G FY 2015-16	₹ 10 lakh each	09-Feb-16	18.23	9.35%	09-Feb-26	Redeemable at par at the end of 3653 days from the date of allotment
Series F FY 2015-16	₹ 10 lakh each	29-Jan-16	32.51	9.35%	29-Jan-26	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2015-16	₹ 10 lakh each	09-Sep-15	105.14	9.25%	09-Sep-25	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 2014-15	₹ 10 lakh each	30-Mar-15	55.00	9.95%	28-Mar-25	Redeemable at par at the end of 3651 days from the date of allotment
Series M FY 2014-15	₹ 10 lakh each	31-Dec-14	51.24	9.95%	31-Dec-24	Redeemable at par at the end of 3653 days from the date of allotment
Series E FY 2014-15	₹ 10 lakh each	30-Jun-14	43.11	10.40%	28-Jun-24	Redeemable at par at the end of 3651 days from the date of allotment
Series F FY 2013-14	₹ 10 lakh each	27-Mar-14	50.07	10.90%	27-Mar-24	Redeemable at par at the end of 3653 days from the date of allotment
Series I FY 2013-14	₹ 10 lakh each	27-Mar-14	50.07	10.35%	27-Mar-24	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2013-14	₹ 10 lakh each	28-Feb-14	25.24	10.90%	28-Feb-24	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2012-13	₹ 10 lakh each	21-Dec-12	282.46	9.80%	21-Dec-22	Redeemable at par at the end of 3652 days from the date of allotment
			863.61			

Note 16 : Other financial liabilities

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposit and margin money received	12.28	14.91
Unclaimed interest on debentures	1.39	0.89
Liability for capital goods	0.12	0.12
Bank book credit balance	2.94	0.59
Liability for expenses	174.35	143.49
Short term obligation	9.32	19.58
Interim dividend payable	-	191.90
Other payables	43.45	35.18
Total other financial liabilities	**243.85**	**406.66**

Note 17 : Provisions

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	18.18	17.01
Gratuity	9.99	4.73
Total provisions	**28.17**	**21.74**

Note 18 : Other non-financial liabilities

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Revenue received in advance	-	0.58
Statutory dues payable	2.54	12.34
Dividend distribution tax payable	-	39.44
Total other non-financial liabilities	**2.54**	**52.36**

Note 19: Equity share capital

(a) Share capital authorised, issued, subscribed and paid up:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in crore	No. of shares	₹ in crore
Authorised				
Equity shares of ₹10 each	2,65,43,09,610	2,654.31	2,65,43,09,610	2,654.31
Preference shares of ₹ 100 each	10,00,000	10.00	10,00,000	10.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each fully paid up	1,59,91,38,199	1,599.14	1,59,91,38,199	1,599.14
		1,599.14		**1,599.14**

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	1,59,91,38,199	1,599.14	1,59,91,38,199	1,599.14
Add: Issued during the year	-	-	-	-
At the end of the year	**1,59,91,38,199**	**1,599.14**	**1,59,91,38,199**	**1,599.14**

(c) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
	No. of shares	No. of shares
Fully paid up pursuant to contract(s) without payment being received in cash	1,23,57,37,684	1,23,57,37,684

(d) 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. During the year, the company has declared interim dividend of ₹ 1.15 per equity share (previous year : ₹1.20 per equity share).

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.

(e) Shares held by holding company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	₹ in crore	No. of shares	₹ in crore
L&T Finance Holdings Limited (Holding company) directly or through it's beneficially nominee (Equity shares of ₹ 10 each fully paid up)	1,59,91,38,199	1,599.14	1,59,91,38,199	1,599.14

(f) Shareholder holding more than 5% of equity shares as at the end of the year:

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% holding	No. of shares	% holding
L&T Finance Holdings Limited (Holding company) directly or through it's beneficially nominee (Equity shares of ₹ 10 each fully paid up)	1,59,91,38,199	100%	1,59,91,38,199	100%

Note 20 : Other equity

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Capital redemption reserve	3.20	3.20
Debenture redemption reserve[1]	5.15	114.18
Securities premium[2]	6,903.72	6,903.72
General reserve[3]	34.52	0.25
Reserve u/s 45 IC of Reserve Bank of India Act, 1934[4]	826.85	753.59
Reserve u/s 36(1)(viii) of Income tax Act, 1961[5]	72.45	44.93
Amalgamation adjustment account[6]	(463.30)	(538.06)
Retained earnings[7]	58.24	19.85
Change in fair value of debt instruments classified at fair value through other comprehensive income (Refer note 1.5)	(1.84)	(0.37)
Change in fair value of equity instruments measured at fair value through other comprehensive income (Refer note 1.5)	(56.16)	-
Cash flow hedging reserve (Refer note 1.10)	(88.38)	-
Total other equity	**7,294.45**	**7,301.29**

Notes:

1. Debenture redemption reserve: The Company had issued redeemable non-convertible debentures and created Debenture Redemption Reserve out of the profits available for payment of dividend in accordance with the provision 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 August 19, 2019 has amended the Companies (Share Capital & Debentures) Rules and accordingly the Company is no longer required to create Debenture Redemption Reserve on issuance of redeemable non-covertible debentures.

2. Securities premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

3. General Reserve: The Companies (Transfer of Profits to Reserves) Rules, 1975 read with Section 205(2A) of the Companies Act, 1956, prohibited declaration of dividend for any financial year out of profits of the company for that year except after the transfer of a specified percentage of the profits not exceeding 10%, to its reserves. Amounts were transferred to General Reserve to comply with these provisions. The Companies Act, 2013, does not mandate such a transfer.General reserve is a free reserve available to the Company

4. Reserve u/s 45 IC of 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.

5. 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.

6. Amalgamation Adjustment Account: Upon amalgamation of the erstwhile L&T Finance Limited and the erstwhile L&T Fincorp Limited (the "Transferor Companies") with Family Credit Limited (the "Transferee Company" which was renamed as L&T Finance Limited") the statutory reserves (i.e. Debenture Redemption Reserve, Reserve under section 45 IC of the Reserve Bank of India Act, 1934 and Reserve under section 36(1)(Viii) of the Income tax Act, 1961) of the Transferor Companies as on April 01, 2016 (the Appointed Date") with a corresponding debit to Amalgamation Adjustment Account. As the corresponding statutory reserve unwind, the Amalgamation Adjustment Account is also reversed.

7. Retained earnings: Retained earnings represent the amount of accumulated earnings of the Company.

Note 21 : Interest Income

₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) On financial assets measured at amortised cost		
- Interest on loans	6,171.26	5,589.91
- Interest income from investments	45.30	74.24
- Interest on deposits with banks	50.85	13.02
- Other interest income	1.17	5.68
Total interest income on financial assets measured at amortised cost (i)	**6,268.58**	**5,682.85**
(ii) On financial assets measured at fair value through other comprehensive income		
- Interest income from investments	108.84	189.81
Total interest income on financial assets measured at fair value through other comprehensive income (ii)	**108.84**	**189.81**
(iii) On financial assets classified at fair value through profit or loss		
- Interest on loans	1,795.78	1,129.88
- Interest income from investments	11.21	9.18
Total interest income on financial assets classified at fair value through profit or loss (iii)	**1,806.99**	**1,139.06**
Total interest income (i+ii+iii)	**8,184.41**	**7,011.72**

Note 22 : Rental income

₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Lease rental income	9.04	16.15
Other rental income	-	2.69
Total rental income	**9.04**	**18.84**

Note 23 : Fees and commission income

₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Consultancy fees and financial advisory fee	106.70	71.70
Other financial activities	103.40	80.55
Total fees and commission income	**210.10**	**152.25**

Note 24 : Net gain/(loss) on fair value changes

₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(A) Net gain/(loss) on financial instruments classified at fair value through profit or loss		
On trading portfolio		
- Gain on sale of investments	70.01	76.46
- Gain/(loss) on sale of loan assets	-	7.28
- Fair value changes on loan assets	(61.82)	(63.81)
- Fair value changes on investments	(87.09)	(37.99)
(B) Net gain on disposal of financial instruments classified at fair value through other comprehensive income		
- Gain on sale of Investments	121.46	9.44
Total net gain/(loss) on fair value changes (A+B)	**42.56**	**(8.62)**
(C) Fair value changes:		
-Realised	191.47	93.18
-Unrealised	(148.91)	(101.80)
Total net gain/(loss) on fair value changes (D)	**42.56**	**(8.62)**

L&T Finance Limited
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Note 25 : Other income ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income on cross sell	228.24	199.43
Other income	5.95	0.35
Total other income	**234.19**	**199.78**

Note 26 : Finance costs ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost		
Interest on debt securities	1,636.33	1,778.02
Interest on borrowings	2,009.72	1,422.12
Interest on subordinated liabilities	111.86	110.42
Other interest expense	9.94	17.36
Total finance costs	**3,767.85**	**3,327.92**

Note 27 : Net loss on derecognition of financial instruments under amortised cost category ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss on foreclosure and writeoff of loan	1,069.71	1,181.43
Less: Provision held reversed on derecognition of financial instruments	(838.39)	(856.46)
Total net loss on derecognition of financial instruments under amortised cost category	**231.32**	**324.97**

Note 28 : Impairment on financial instruments ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) On Financial instruments measured at fair value through other comprehensive income:		
- Investments	250.59	-
Total impairment on financial instruments on financial instruments measured at fair value through other comprehensive income (a)	**250.59**	**-**
(b) On financial instruments measured at amortised cost:		
- Loans	1,508.33	637.06
- Trade receivables	8.77	-
Total impairment on financial instruments on financial instruments measured at at amortised cost (b)	**1,517.10**	**637.06**
Total impairment on financial instruments (a+b)	**1,767.69**	**637.06**

Note 29 : Employee benefits expenses ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries	654.45	467.18
Contribution provident and pension fund (refer note: 33)	28.18	16.19
Contribution to gratuity fund (refer note: 33)	4.76	2.93
Share based payments to employees (refer note: 36)	44.66	25.91
Staff welfare expenses	34.03	36.10
Total employee benefits expenses	**766.08**	**548.31**

Note 30 : Depreciation, amortization and impairment ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment (refer note: 9)	19.52	25.53
Depreciation on Right of use assets (refer note : 34)	7.80	-
Amortisation of Intangible assets (refer note: 10)	108.18	99.70
Amortisation of Goodwill (refer note: 10)	565.71	565.70
Total depreciation, amortization and impairment	**701.21**	**690.93**

Note 31 : Other expenses ₹ in crore

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	35.99	48.20
Rates and taxes	1.76	3.24
Repairs and maintenance	68.02	56.96
Advertisement and publicity	14.30	13.03
Printing and stationery	15.03	10.00
Telephone and postage	8.90	9.87
Directors sitting fees	0.16	0.28
Auditor's remuneration (refer footnote)	1.11	0.82
Legal and professional charges	118.10	99.44
Insurance	7.81	5.13
Electricity charges	5.05	5.94
Travelling and conveyance	30.41	29.02
Stamping charges	1.14	2.57
Collection charges	212.50	152.93
Loan processing charges	8.90	12.68
Corporate social responsibility expenses (refer note: 35)	11.81	4.01
Donation	11.96	1.39
Corporate support charges	14.08	8.02
Bank charges	38.62	22.25
Non executive directors remunerations	0.39	0.62
Loss on sale of property, plant and equipment (net)	2.66	7.62
Brand license fees	22.39	46.53
Miscellaneous expenses	1.10	1.15
Total administration and other expenses	**632.19**	**541.70**

footnote: Auditor's remuneration comprises the following

Statutory audit fees	0.37	0.34
Limited review fees	0.22	0.13
Tax audit Fees	0.04	0.03
Certification and other service	0.34	0.27
Expenses reimbursed	0.06	0.02
GST/Service tax (net of input credit)	0.09	0.03
	1.11	**0.82**

L&T Finance Limited
Notes forming part of the financial statements

Note: 32 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)

A. Ultimate Holding Company
1. Larsen & Toubro Limited

B. Holding Company
2. L&T Finance Holdings Limited

C. Fellow Subsidiary Companies
3. L&T Infrastructure Finance Company Limited
4. Larsen & Toubro Infotech Limited
5. L&T Capital Company Limited
6. L&T Capital Markets Limited
7. L&T Housing Finance Limited
8. L&T Investment Management Limited
9. L&T Financial Consultants Limited
10. L&T Infra Investment Partners Advisory Private Limited

D. Associate
11. L&T Infra Debt Fund Limited

E. Key Management Personnel
12. Mr. Dinanath Dubhashi
13. Mr. Sunil Prabhune
14. Mr. P. V. Bhide
15. Mr. D. R. Dongra *(Ceased to be a Director with effect from June 06, 2018)*
16. Mr. Mannil Venugopalan *(Ceased to be a Director with effect from June 11, 2018)*
17. Dr (Mrs). Rajni R Gupte
18. Mr. Prabhakar B. *(Ceased to be a Director with effect from May 30, 2018)*
19. Mr. Ashish Kotecha *(Ceased to be a Director with effect from April 28, 2019)*
20. Mr. Rishi Mandawat *(Appointed as Director with effect from April 28, 2019)*

(b) Disclosure of related party transactions :

₹ in crore

Sr. No.	Nature of transaction*	2019-20	2018-19
1	**Inter corporate deposits borrowed**		
	Larsen & Tourbo Limited	-	2,000.00
	L&T Finance Holdings Limited	9,034.37	8,036.51
	L&T Infrastructure Finance Company Limited	200.00	410.00
	L&T Housing Finance Limited	195.00	100.00
	L&T Capital Company Limited	1.20	5.97
	L&T Investment Management Limited	628.13	133.25
	L&T Capital Markets Limited	61.90	155.82
	L&T Infra Investment Partners Advisory Private Limited	-	61.26
2	**Inter corporate deposits repaid**		
	Larsen & Tourbo Limited	-	2,000.00
	L&T Finance Holdings Limited	8,412.41	8,529.96
	L&T Infrastructure Finance Company Limited	200.00	410.00
	L&T Housing Finance Limited	125.00	100.00
	L&T Capital Company Limited	4.35	9.19
	L&T Investment Management Limited	600.33	133.25
	L&T Capital Markets Limited	61.90	155.82
	L&T Infra Investment Partners Advisory Private Limited	-	61.26
3	**Interest expense on inter corporate deposits**		
	Larsen & Tourbo Limited	-	16.57
	L&T Finance Holdings Limited	27.51	95.08
	L&T Infrastructure Finance Company Limited	0.16	0.35
	L&T Housing Finance Limited	0.05	0.02
	L&T Capital Company Limited	0.13	0.36
	L&T Investment Management Limited	0.69	0.26
	L&T Capital Markets Limited	0.06	0.67
	L&T Infra Investment Partners Advisory Private Limited	-	0.27

L&T Finance Limited
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(b) Disclosure of related party transactions :

₹ in crore

Sr. No.	Nature of transaction*	2019-20	2018-19
4	**Inter corporate deposits given**		
	L&T Infrastructure Finance Company Limited	1,782.00	75.00
	L&T Housing Finance Limited	-	12.57
	L&T Financial Consultants Limited	161.64	-
5	**Inter corporate deposits received back**		
	L&T Infrastructure Finance Company Limited	1,782.00	75.00
	L&T Housing Finance Limited	-	12.57
	L&T Financial Consultants Limited	161.64	-
6	**Interest received on inter corporate deposits**		
	L&T Infrastructure Finance Company Limited	10.65	0.04
	L&T Housing Finance Limited	-	0.02
	L&T Financial Consultants Limited	0.43	-
7	**Portfolio related transaction**		
	L&T Housing Finance Limited	0.58	0.57
8	**Corporate support charges paid to**		
	L&T Finance Holdings Limited	12.92	7.36
9	**Branch sharing cost paid to**		
	Larsen & Toubro Limited	-	0.00
	L&T Financial Consultants Limited	24.11	24.28
	L&T Investment Management Limited	0.21	0.05
	L&T Housing Finance Limited	0.49	0.08
10	**Branch sharing cost recovered from**		
	L&T Infrastructure Finance Company Limited	0.18	0.23
	Larsen & Toubro Limited	-	0.05
	L&T Investment Management Limited	2.29	2.38
	L&T Capital Markets Limited	0.56	0.74
	L&T Housing Finance Limited	4.11	3.06
11	**IT/Professional fees paid to**		
	Larsen & Toubro Limited	5.45	7.63
	Larsen & Toubro Infotech Limited	3.20	1.19
12	**Sale/Assignment of loan portfolio to**		
	L&T Infra Debt Fund Limited	39.86	248.03
	L&T Infrastructure Finance Company Limited	2,919.85	1,514.86
	L&T Housing Finance Limited	183.54	-
13	**Purchase of loan portfolio from**		
	L&T Housing Finance Limited	-	1,769.38
	L&T Infrastructure Finance Company Limited	-	120.02
14	**Brand license fees paid to**		
	Larsen & Toubro Limited	21.12	45.16
15	**Expenses on employee stock option plan**		
	L&T Finance Holdings Limited	44.66	25.91
16	**Corporate support charges recovered**		
	L&T Infra Investment Partners Advisory Private Limited	0.84	-
17	**Service cost for loan portfolio**		
	L&T Housing Finance Limited	-	0.30

(b) Disclosure of related party transactions :

₹ in crore

Sr. No.	Nature of transaction*	2019-20	2018-19
18	**Reimbursement of expenses to**		
	Larsen & Toubro Limited	-	0.11
19	**Interest on security deposit**		
	L&T Financial Consultants Limited	-	0.43
20	**Interest on non convertible debenture (Borrowings)**		
	L&T Infrastructure Finance Company Limited	1.32	-
	Larsen & Toubro Limited	6.15	-
21	**Processing fees sharing on sale of loan portfolio**		
	L&T Infra Debt Fund Limited	0.08	-
	L&T Infrastructure Finance Company Limited	12.69	-
	L&T Housing Finance Limited	1.97	-
22	**Interim dividend**		
	L&T Finance Holdings Limited	183.90	191.90

23 Compensation Paid to Key Managerial Personnel**

₹ in crore

Name of Key Management Personnel	2019-20				2018-19			
	Short-Term employee benefits	Post Employment Benefits	Other Long Term Benefits	Total	Short-Term employee benefits	Post Employment Benefits	Other Long Term Benefits	Total
Mr. Sunil Prabhune	3.82	-	0.13	3.95	2.32	-	-	2.32
Mr. P. V. Bhide	0.17	-	-	0.17	0.19	-	-	0.19
Mr. D. R. Dongra	-	-	-	-	0.02	-	-	0.02
Mr. Mannil Venugopalan	-	-	-	-	0.05	-	-	0.05
Dr (Mrs). Rajni R Gupte	0.17	-	-	0.17	0.20	-	-	0.20
Mr. Prabhakar B.	-	-	-	-	0.02	-	-	0.02
Mr. Ashish Kotecha	-	-	-	-	0.11	-	-	0.11
Mr. Rishi Mandawat	0.12	-	-	0.12	-	-	-	-

L&T Finance Limited
Notes forming part of the financial statements

(c) Amount due to/from related parties:

₹ in crore

S. No.	Nature of transactions	As at March 31,2020	As at March 31,2019
1	**Inter corporate borrowings**		
	L&T Finance Holdings Limited	787.84	165.89
	L&T Capital Company Limited	-	3.15
	L&T Housing Finance Limited	70.00	-
	L&T Investment Management Limited	27.80	-
2	**Interest accrued on inter corporate borrowings**		
	L&T Finance Holdings Limited	1.71	0.22
	L&T Capital Company Limited	-	0.10
	L&T Housing Finance Limited	0.01	-
	L&T Investment Management Limited	0.01	-
3	**Investment in equity share**		
	L&T Infra Debt Fund Limited	176.50	176.50
4	**Non convertible debenture (Borrowings)**		
	Larsen & Toubro Limited	40.45	-
	L&T Infrastructure Finance Company Limited	25.00	-
5	**Interest accrued on non convertible debenture (Borrowings)**		
	Larsen & Toubro Limited	0.81	-
	L&T Infrastructure Finance Company Limited	5.49	-
6	**Rent deposit**		
	L&T Financial Consultants Limited	8.46	7.89
7	**Account payable**		
	L&T Finance Holdings Limited	-	3.47
	L&T Infrastructure Finance Company Limited	-	0.02
	L&T Capital Company Limited	-	***0.00
	L&T Financial Consultants Limited	-	0.03
	L&T Infra Debt Fund Limited	-	0.35
8	**Account receivable**		
	Larsen & Toubro Limited	2.66	3.03
	L&T Finance Holdings Limited	7.45	-
	L&T Investment Management Limited	0.03	0.40
	L&T Capital Markets Limited	-	2.44
	L&T Housing Finance Limited	10.01	5.76
	L&T Financial Consultants Limited	0.05	-
9	**Security deposit payable**		
	L&T Investment Management Limited	0.22	0.22
10	**Interim dividend payable**		
	L&T Finance Holdings Limited	-	191.90
11	**Brand license fees payable**		
	Larsen & Tourbo Limited	22.39	47.87

* Transactions shown above are excluding GST, if any.

** Managerial Remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the company as a whole.

*** Amount less than ₹ 1 lakh.

Note: 33 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

(i) Defined Contribution plan:

The Company's state governed 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. In addition to the above, information relating to the scheme operated by the trust constituted by the holding company is given in the note (iii) below.

The Company has recognised charges of ₹ 28.18 crore (previous year: ₹ 16.19 crore) for provident fund contribution contribution is included in "Note 29 Employee Benefits Expenses" in the Statement of Profit and Loss.

(ii) Defined Benefits Gratuity Plan :

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary 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 as compared to the obligation under Payment of Gratuity Act, 1972.

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

₹ in crore

	Particulars	Gratuity Plan	
		As at March 31, 2020	**As at March 31, 2019**
A)	Present Value of Defined Benefit Obligation		
	- Wholly funded	21.71	12.92
	- Wholly unfunded	-	-
		21.71	**12.92**
	Less : Fair Value of plan assets	(11.72)	(8.19)
	Amount to be recognised as liability or (asset)	**9.99**	**4.73**
B)	Amounts reflected in Balance Sheet		
	Liabilities	9.99	4.73
	Assets	-	-
	Net liability/(asset)	**9.99**	**4.73**

(b) The amounts recognised in the Statement of Profit and Loss are as follows:

₹ in crore

Sr. No.	Particulars	Gratuity Plan	
		As at March 31, 2020	**As at March 31, 2019**
1	Current Service Cost	4.76	2.93
2	Net Interest Cost	0.22	0.01
3	Actuarial losses/(gains):		
	i) Actuarial (gains)/losses arising from changes in financial assumptions	1.44	0.23
	ii) Actuarial (gains)/losses arising from changes in demographic assumptions	-	**0.00
	iii) Actuarial (gains)/losses arising from changes in experience adjustments	2.37	1.81
	iv) Actuarial losses/(gains) - difference between actuarial return on plan assets	0.68	(0.50)
4	Past Service Cost	-	-
	Total (1 to 4)	**9.47**	**4.48**
i	Amount included in "employee benefits expenses"	4.76	2.93
ii	Amount included in as part of "finance cost'	0.22	0.01
iii	Amount included as part of "Other Comprehensive income"	4.49	1.54
	Total (i + ii + iii)	**9.47**	**4.48**

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

₹ in crore

Particulars	Gratuity Plan	
	As at March 31, 2020	**As at March 31, 2019**
Opening balance of the present value of defined benefit obligation	12.92	9.55
Add : Current Service Cost	4.76	2.93
Add : Interest Cost	0.82	0.63
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	1.44	0.23
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	-	**0.00
iii) Actuarial (gains)/losses arising from changes in experience adjustments	2.37	1.81
Less : Benefits paid	(1.12)	(2.48)
Add : Past service cost	-	-
Add : Liability assumed/(settled)*	0.52	0.25
Closing balance of the present value of defined benefit obligation	**21.71**	**12.92**

Note: 33 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

(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, 2020	As at March 31, 2019
Opening balance of the fair value of the plan assets	8.19	7.92
Add : interest income of plan assets	0.60	0.62
Add/(less) : Actuarial gains/(losses)		
Difference between actual return on plan assets and interest income	(0.68)	0.50
Add : Contribution by the employer	4.73	1.63
Less : Benefits paid	(1.12)	(2.48)
Add: Assets acquired/(settled)*	-	-
Closing balance of the fair value of the plan assets	**11.72**	**8.19**

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

₹ in crore

Sr. No	Particulars	Gratuity Plan	
		As at March 31, 2020	As at March 31, 2019
1	Government of India Securities	1.99	1.84
2	Insurer managed funds - unquoted	4.22	3.10
3	Others debt instruments	2.55	2.55
4	Others - unquoted	2.96	0.70

(f) Principal actuarial assumptions at the valuation date:

Sr. No.	Particulars	Gratuity Plan	
		As at March 31, 2020	As at March 31, 2019
1	Discount rate	5.60%	6.90%
2	Salary escalation rate	9.00%	9.00%

(A) **Discount rate:**
The 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.

(B) **Salary escalation rate:**
The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(g) Attrition Rate:
The attrition rate varies from 15% to 25% (previous year: 15% to 25%) for various age groups.

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

(i) Sensitivity Analysis:
One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

₹ in crore

Sr. No.	Particulars	Gratuity Plan			
		Effect of 1% Increase		Effect of 1% Decrease	
		AS at March 31, 2020	AS at March 31, 2019	AS at March 31, 2020	AS at March 31, 2019
1	Impact of change in discount rate	(1.12)	(0.63)	1.24	0.69
2	Impact of change salary escalation rate	1.18	0.67	(1.09)	(0.63)

Note: 33 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

(iii) Defined Benefits Provident Fund Plan

In respect of the contribution by the employer and employee to the provident fund trust constituted by the ultimate parent company, in terms of the guidance note issued by the Institution of Actuarial of India for the measurement of provident fund liabilities, the actuary engaged by the Company has provide the following information in this regards:

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

₹ in crore

	Particulars	Provident Fund Plan	
		As at March 31, 2020	As at March 31, 2019
A)	Present Value of Defined Benefit Obligation		
	- Wholly funded	14.32	15.72
	- Wholly unfunded	-	-
		14.32	**15.72**
	Assets acquired on acquisition	-	-
	Less : Fair Value of plan assets	(15.18)	(15.82)
	Add : Amount not recognised as an asset	-	-
	Amount to be recognised as liability or (asset)	**(0.86)**	**(0.10)**
B)	Amounts reflected in Balance Sheet		
	Liabilities	-	-
	Assets	(0.86)	(0.10)
	Net liability/(asset)	**(0.86)**	**(0.10)**

(b) The amounts recognised in the Statement of Profit and Loss are as follows:

₹ in crore

Sr. No.	Particulars	Provident Fund Plan	
		As at March 31, 2020	As at March 31, 2019
1	Current Service Cost		-
2	Interest Cost	1.25	1.67
3	Interest Income on Plan Assets	-	-
4	Expected return on Plan Assets	(1.25)	(1.67)
5	Actuarial losses/(gains)	(0.76)	0.10
6	Actuarial gain/(loss) not recognised in Books	0.76	(0.10)
	Total (1 to 6)	**-**	**-**
i	Amount included in "employee benefits expenses"	-	-
ii	Amount included in as part of "finance cost'	-	-
iii	Amount included as part of "Other Comprehensive income"	-	-
	Total (i + ii + iii)	**-**	**-**

(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	Provident Fund Plan	
	As at March 31, 2020	As at March 31, 2019
Opening balance of the present value of defined benefit obligation	15.72	24.07
Add : Assets acquired on acquisition	-	-
Add : Current Service Cost	-	-
Add : Interest Cost	1.25	1.67
Add : Actuarial (gains)/losses		
i) Actuarial (gains)/losses arising from changes in financial assumptions	-	-
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
iii) Actuarial (gains)/losses arising from changes in experience adjustments	-	-
Less : Benefits paid	(2.65)	(10.53)
Add : Contribution by the employer	-	-
Add : Liability assumed/(settled)*	-	0.51
Closing balance of the present value of defined benefit obligation	**14.32**	**15.72**

Note: 33 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

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

₹ in crore

Particulars	Provident Fund Plan	
	As at March 31, 2020	As at March 31, 2019
Opening balance of the fair value of the plan assets	15.82	24.27
Add : Assets acquired on acquisition	-	-
Add : interest income of plan assets	1.25	1.67
Add/(less) : Actuarial gains/(losses)		
Difference between actual return on plan assets and interest income	0.76	(0.10)
Add : Contribution by the employer	-	-
Add/(less) : Contribution by plan participants	-	-
Less : Benefits paid	(2.65)	(10.53)
Add: Assets acquired/(settled)*	-	0.51
Closing balance of plan assets	**15.18**	**15.82**

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

₹ in crore

Sr. No.	Particulars	Provident Fund Plan	
		As at March 31, 2020	As at March 31, 2019
1	Government of India Securities	7.12	7.53
2	Corporate Bonds	4.38	3.51
3	Special Deposit Scheme	0.65	0.82
4	Public Sector Unit Bond	2.44	3.48
5	Others	0.59	0.48

(f) Principal actuarial assumptions at the valuation date:

Sr. No.	Particulars	Provident Fund Plan	
		As at March 31, 2020	As at March 31, 2019
1	Discount rate for the term of the obligation	5.60%	6.90%
2	Average historic yield on the investment portfolio	8.81%	8.78%
3	Discount rate for the remaining term to maturity of the investment portfolio	6.60%	7.65%
4	Future derived return on assets	7.81%	8.03%
5	Guaranteed rate of return	8.25%	8.65%

(A) **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.

(B) **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.

(C) **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.

(D) **Guaranteed rate of return:**
The latest interest rate declared by the Regional Provident Fund Commissioner to its own subscribers.

*On account of business combination or inter group transfer
**Amount less than ₹ 1 lakh

Note: 34 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 -Leases

I) Transition Disclosure :

Reconcilation of operating lease commitments as at March 31, 2019 (under Ind AS 17) to the opening lease liability as at April 1, 2019 (under Ind AS 116)

₹ in crore

Particulars	April 1, 2019		
	Total Impact	**External Impact**	**Within Group**
Opening retained earning impact as on April 1, 2019			
Lease liability on transition date (A)	25.24	25.24	-
Right-of-Use assets as on transition date (net off accumulated depreciation)	22.49	22.49	-
Gross impact	**(2.75)**	**(2.75)**	-
Deferred tax	(0.69)	(0.69)	-
Opening retained earning impact (Net)	**(2.06)**	**(2.06)**	-
Profit & loss charge for existing leases			
As per Ind AS 17 (old standard)	9.71	9.71	-
Interest expense - As per Ind AS 116	2.49	2.49	-
Depreciation - As per Ind AS 116	7.80	7.80	-
Profit before tax Impact	**(0.58)**	**(0.58)**	-
Reconciliation of operating lease commitments as at March 31, 2019 with lease liability as on April 1, 2019			
1. Existing Operating lease rental commitment (Present value for outstanding lease term for existing operating lease)	3.71	2.37	1.34
2. Lease commitments pertaining to short term leases	-	-	-
3. Lease commitments pertaining to low value leases	(2.66)	(1.32)	(1.34)
4. Impact of discounting of lease payments under Ind AS 116	(4.63)	(4.63)	-
5. Extension and termination options reasonably certain to be exercised	28.82	28.82	-
6. Commitments relating to leases previously classified as finance leases	-	-	-
Lease liability on transition date (1 + 2 + 3 + 4 + 5 + 6) (B)	25.24	25.24	-

II) Company as Lesseee

a) Operating Lease

i) The company has taken various assets on lease such as, plant and machinery, buildings, office premises, vehicles.Generally, leases are renewed only on mutual consent and at a prevalent market price.

ii) Details with respect to right of use assets:-

₹ in crore

Class of Assets	Opening as on April 1, 2019	Additions to right to use assets during 2019-20	Depreciation for 2019-20	Carrying amount as on March 31, 2020
Building / Office Premises	22.49	11.26	7.80	25.95

iii) Interest expense on lease liabilities amounts : ₹2.49 crore

iv) Expense relating to leases for which underlying asset is of low value is : ₹14.01 crore

v) Expense related to short-term leases is : ₹21.98 crore

vi) Expense related to variable lease payments : Nil

vii) Income from sub-leasing of right of use assets : ₹6.20 crore

b) Finance Lease : Not Applicable

Note: 34 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 -Leases

III) Company as Lessor

a) Finance Lease

i) The Company 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 Company retains in underlying assets.

ii) Maturity analysis of minimum undiscounted lease receivables and the present value of minimum lease payments receivable is as under:

₹ in crore

Particulars	As at March 31, 2020
Receivable not later than 1 year	25.42
Receivable later than 1 year but not later than 2 year	20.70
Receivable later than 2 year but not later than 3 year	4.85
Receivable later than 3 year but not later than 4 year	0.01
Receivable later than 4 year but not later than 5 year	-
Receivable later than 5 years	-
Gross investment in lease	50.98
Less: Unearned finance income	6.26
Present value of minimum lease payment receivable	44.72

iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the financial year 2019-20 : ₹6.47 crore

iv) Finance lease income relating to variable lease payments not depending on index/rate - NIL

v) Changes in carrying amount of net investment in finance lease

₹ in crore

Particulars	Current	Non Current	Total
Opening value of Lease Receivables as on April 1, 2019	29.20	50.98	80.18
Add: Finance lease income recognised in P&L	6.47	-	6.47
Less: Lease rental received (cash payment)	(35.67)	-	(35.67)
Add/Less: Change on account of any other factors	25.42	(25.42)	-
Closing value of Lease Receivables as on March 31, 2020	**25.42**	**25.56**	**50.98**

b) Operating Lease :

i) The company has given certain assets under operating lease. There are no significant risks associated with rights that the Company retains in underlying assets. Leases are renewed only on mutual consent and at a prevalent market price.

ii) Maturity analysis of undiscontinued lease receivables:

₹ in crore

Particulars	As at March 31, 2020
Receivable not later than 1 year	1.42
Receivable later than 1 year but not later than 2 year	0.46
Receivable later than 2 year but not later than 3 year	0.23
Receivable later than 3 year but not later than 4 year	-
Receivable later than 4 year but not later than 5 year	-
Receivable later than 5 years	-
Total	**2.11**

iii) Lease income recognised in Profit & Loss account (Other than variable lease payment) : ₹2.57 crore

iv) Lease income relating to variable lease payments not depending on index/rate : Nil

Disclosure pursuant to Ind AS 17 "Leases" (Applicable upto 31 March 2019)

(i) **Operating lease:**

(a) **Company as Leases:**

The Company has taken motor vehicles, furniture and fixtures and premises on operating leases. Lease payments recognized in the Statement of Profit and Loss during the year 31 March 2019 is ₹ 48.20 crore. The total of future minimum lease payments on non-cancellable operating lease as at March 31, 2019 are as follows:

₹ in crore

Particulars	As at 31 March, 2019
Not later than 1 year	3.39
Later than 1 year and not later than 5 years	0.32
Later than 5 years	-
Total	**3.71**

(b) **Company as Lessor:**

The Company has given motor vehicles, furniture and fixtures, office equipments, plant and machineries and computers under non-cancellable operating lease. The total of future minimum lease payment receivables on non-cancellable operating lease as at March 31, 2019 are as follows:

₹ in crore

Particulars	As at 31 March, 2019
Not later than 1 year	5.79
Later than 1 year and not later than 5 years	1.50
Later than 5 years	-
Total	**7.29**

(ii) **Finance lease**

(a) **Company as Lessor:**

The Company has given assets on finance lease to its customers with respective underlying assets/equipments as security. The details of gross investment, unearned finance income and present value of minimum lease payment receivable as at March 31, 2019 in respect of these assets are as under:

₹ in crore

	As at March 31, 2019	
Particulars	**Minimum lease payment receivable**	**Present value of minimum lease payment receiavble**
Not Later than 1 year	29.20	22.37
Later than 1 year and not later than 5 years	50.98	44.72
Later than 5 years	-	-
Gross investment in lease	**80.18**	**67.09**
Less: Unearned finance income	(13.09)	-
Present value of minimum lease payment receivable	**67.09**	**67.09**

Note: 35 Corporate Social Responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 11.81 crore (previous year: ₹ 4.01 crore).

(a) The amount recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 11.81 crore (previous year: ₹ 4.01 crore) (Refer note no. 31 of financial statements), which comprises of:

₹ in crore

Particulars	2019-20			2018-19		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
(a) Amount spent during the year on:						
(i) Construction/ acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	11.81	-	11.81	4.01	-	4.01

Note: 36 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), stock options have been granted to the employees of the Company. Total cost incurred by the holding company in respect of options granted to employees of the company amounts, recovery of the same and future period expense details are following:

₹ in crore

Particulars	Total cost incurred by holding company (i.e. L&T Finance Holdings Limited)	Expense recovered by holding company till end of financial year	Expenses charged to Statement of Profit and Loss for the year	Remaining expenses to be recovered in future year
(A)	(B)	(C)	(D)	(E = B-C)
As at March 31, 2020	178.21	110.00	44.66	68.21
As at March 31, 2019	113.73	65.34	25.91	48.39

Note: 37 Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings Per Share"

Particulars		2019-20	2018-19
Basic Earning Per Share			
Profit after tax as per statement of profit and loss (₹ in crore)	A	366.29	845.96
Weighted average number of equity shares outstanding during the year (Nos.)	B	1,59,91,38,199	1,59,91,38,199
Basic Earning Per Share (₹)	**A/B**	**2.29**	**5.29**
Diluted Earning Per Share			
Profit after tax as per statement of profit and loss (₹ in crore)	A	366.29	845.96
Weighted average number of equity shares outstanding (Nos.)	B	1,59,91,38,199	1,59,91,38,199
Diluted Earning Per Share (₹)	**A/B**	**2.29**	**5.29**
Face value of shares (₹)		**10.00**	**10.00**

Note: 38 Disclosures pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Contingent Liabilities:		
a) Claim against the Company not acknowledged as debt:		
- Income Tax matter in dispute*	0.71	0.71
- Sales tax/ VAT / Service Tax matter in dispute*	494.62	56.14
- Legal matter in dispute*	2.10	1.20
b) Bank Guarantees;	29.69	22.27
c) Other money for which the Company is contingently liable Liability towards Letter of Credit(net of margin money)	812.64	1,537.36
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	88.85	82.20
b) Undisbursed Commitment	-	32.00

*In respect of disputes, the company is hopeful of succeeding in appeals and does not expect any significant liabilities to materialise.

Note: 39 Frauds committed against the company:

₹ in crore

Particulars	2019-20	2018-19
No. of cases of fraud which occurred during the year	161	44
Amount involved	1.38	0.64
Amount recovered	0.36	*0.00
Amount provided/loss	1.37	0.49

* Amount less than ₹1 lakh.

Note: 40 The Company has invoked pledge of equity shares and Non-convertible debentures ("NCD") in the following companies, pledged with the Company as collateral by the borrowers and these shares and NCD are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Sr. No.	Name of Company	Quantity held as bailee	
		As at March 31, 2020	As at March 31, 2019
i)	Saumya Mining Limited	5,13,012	5,13,012
ii)	SEW Vizag Coal Terminal Private Limited*	7,03,833	7,03,833
iii)	Bhushan Steel Limited	71,89,089	71,89,089
iv)	Sterling International Enterprises Limited	2,17,309	2,17,309
v)	Tulip Telecom Limited	14,01,762	14,01,762
vi)	Punj Lloyed Limited	5	5
vii)	Golden Tobacco Limited	10,000	10,000
viii)	Gujurat Highway Corporation Limited	70,000	70,000
ix)	Hindusthan National Glass & Industries Limited	34,04,499	34,04,499
x)	Automobile Corporation Of Goa	8,784	-
xi)	Bajaj Holdings And Investment Ltd	20,220	-
xii)	Kinetic Engineering Limited	17,556	-
xiii)	Motherson Sumi Systems Limited	91,125	-
xiv)	Munjal Showa Limited	25,000	-
xv)	NTPC Limited	19,000	-
xvi)	Reliance Capital	4,500	-
xvii)	State Bank Of India	10,000	-
xviii)	Tata Consultancy Services Limited	220	-
xix)	Tata Motors Limited – DVR	31,814	-
xx)	NTPC Limited (NCD)	16,300	-

**Shares held on behalf of L&T Infrastructure Finance Company Limited.*

Note: 41 Expenditure in foreign currency:

₹ in crore

Particulars	2019-2020	2018-2019
Professional Fees	0.68	1.48
License Fees	4.02	3.95
Business Promotion Expenses	0.02	-
Finance Cost	77.78	-

Note: 42 Dues to micro enterprises and small enterprises:

₹ in crore

Sr. No.	Particulars	2019-2020	2018-2019
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.

L&T Finance Limited
Notes forming part of the financial statements

Note: 43 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures" and pursuant to Ind AS 1 "Presentation of financial statements"
Maturity profile of financial assets and financial liabilities

₹ in crore

Particular	31-Mar-20			31-Mar-19		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
ASSETS:						
Financial assets						
Cash and cash equivalents	2,717.76	-	2,717.76	1,530.51	-	1,530.51
Bank Balance other than (a) above	676.61	7.95	684.56	0.89	29.68	30.57
Derivative financial instruments	-	141.74	141.74	7.20	-	7.20
Receivables						
Trade receivables	18.85	-	18.85	11.50	-	11.50
Other receivables	35.83	-	35.83	18.95	-	18.95
Loans	25,378.60	18,512.62	43,891.22	28,019.96	19,093.71	47,113.67
Investments	873.74	2,203.71	3,077.45	2,376.84	2,307.46	4,684.30
Other financial assets	49.91	16.50	66.41	102.97	4.57	107.54
Non-financial assets						
Current tax assets (net)	-	194.76	194.76	-	77.78	77.78
Deferred tax assets (net)	-	819.01	819.01	-	727.21	727.21
Property, plant and equipment	-	35.31	35.31	-	49.34	49.34
Intangible assets under development	-	44.56	44.56	-	18.48	18.48
Goodwill	-	565.70	565.70	-	1,131.41	1,131.41
Other intangible assets	-	134.67	134.67	-	214.71	214.71
Right of use assets	-	25.95	25.95	-	-	-
Other non-financial assets	75.09	47.85	122.94	59.81	53.74	113.55
Total Assets	**29,826.39**	**22,750.33**	**52,576.72**	**32,128.63**	**23,708.09**	**55,836.72**
LIABILITIES :						
Financial liabilities						
Payables						
Trade payables	31.40	-	31.40	86.03	-	86.03
Other payables	-	-	-	13.11	-	13.11
Debt securities	7,944.64	8,537.23	16,481.87	12,383.23	10,688.37	23,071.60
Borrowings (other than debt securities)	11,511.17	14,117.66	25,628.83	7,337.02	14,802.84	22,139.86
Subordinated liabilities	26.04	1,115.71	1,141.75	34.42	1,090.00	1,124.42
Lease liabilities	7.85	21.44	29.29	-	-	-
Other financial liabilities	243.85	-	243.85	406.66	-	406.66
Non-financial liabilities						
Current tax liabilities (net)	95.43	-	95.43	20.51	-	20.51
Provisions	28.17	-	28.17	21.74	-	21.74
Other non-financial liabilities	2.54	-	2.54	52.36	-	52.36
Total liabilities	**19,891.09**	**23,792.04**	**43,683.13**	**20,355.08**	**26,581.21**	**46,936.29**

Note: 44 Disclosure persuant to Ind AS 7 "Statement of Cash Flows"
Change in liabilities arising from financing activities:

₹ in crore

Particulars	April 1, 2018	Net Cash flows	Non - cash changes			March 31, 2019
			Changes in fair values	Exchange Difference	Others	
Debt securities	16,980.60	6,093.24	-	-	(2.24)	23,071.60
Borrowings (other than debt securities)	17,353.47	4,795.12	-	7.23	(15.96)	22,139.86
Subordinated liabilities	1,124.35	-	-	-	0.07	1,124.42
Total liabilities from financing activities	**35,458.42**	**10,888.36**	**-**	**7.23**	**(18.13)**	**46,335.88**

₹ in crore

Particulars	April 1, 2019	Net Cash flows	Non - cash changes			March 31, 2020
			Changes in fair values	Exchange Difference	Others	
Debt securities	23,071.60	(6,553.37)	-	-	(36.36)	16,481.87
Borrowings (other than debt securities)	22,139.86	3,224.26	-	248.86	15.85	25,628.83
Subordinated liabilities	1,124.42	26.00	-	-	(8.67)	1,141.75
Total liabilities from financing activities	**46,335.88**	**(3,303.11)**	**-**	**248.86**	**(29.18)**	**43,252.45**

Footnote: Others include mainly amortisation of Issue issue cost and changes in accrued interest.

Note: 45 Disclosure pursuant to Ind AS 108 “Operating Segment”

The company has identified operating segments based on performance assessment and resource allocation by the management. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. As the operations of the Company are carried out within India, there are no geographical segments.

Rural Finance comprises of Farm Equipment Finance, Two Wheeler Finance, Micro Loans and Consumer Finance.

Housing Finance comprises of Home Loans, Loan against Property and Real Estate Finance.

Infrastructure Finance comprises of Infrastructure business.

Defocused Finance comprises of Structured Corporate Loans, Debt Capital Market, Commercial Vehicle Finance, Construction Equipment Finance, Supply Chain Finance, SME term loans and Leases.

₹ in crore

Sr. No.	Particulars	Year ended	
		March 31, 2020	March 31, 2019
	Gross segment revenue from continuing operations		
a	Rural Finance	5,308.80	4,066.35
b	Housing Finance	1,522.91	1,086.92
c	Infrastructure Finance	1,042.08	795.07
d	Defocused Finance	572.32	1,234.47
	Revenue as per the statement of profit and loss	**8,446.11**	**7,182.81**
	Segment Result (Profit/(loss) before tax)		
a	Rural Finance	1,225.87	1,127.33
b	Housing Finance	585.98	478.18
c	Infrastructure Finance	222.60	204.51
d	Defocused Finance	(567.02)	146.53
e	Unallocated *	(653.47)	(653.47)
	Profit before tax	**813.96**	**1,303.08**

Sr. No.	Particulars	As at	
		March 31, 2020	March 31, 2019
	Segment assets		
a	Rural Finance	28,491.28	25,517.39
b	Housing Finance	11,293.39	11,435.43
c	Infrastructure Finance	6,515.13	7,810.87
d	Defocused Finance	4,609.69	8,961.11
	Subtotal	**50,909.49**	**53,724.80**
e	Unallocated **	1,667.23	2,111.92
	Total assets	**52,576.72**	**55,836.72**
	Segment liabilities		
a	Rural Finance	24,613.01	22,181.29
b	Housing Finance	9,442.29	9,940.38
c	Infrastructure Finance	5,575.92	7,004.56
d	Defocused Finance	3,956.48	7,789.55
	Subtotal	**43,587.70**	**46,915.78**
e	Unallocated ***	95.43	20.51
	Total liabilities	**43,683.13**	**46,936.29**

*Unallocated represents goodwill and Distribution and customer network right amortization

**Unallocated represents advance/tax deducted (net), deferred tax asset (net) and goodwill and Distribution and customer network right amortization

***Unallocated represents tax liabilities

L&T Finance Limited
Notes forming part of the financial statements

Note : 46 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

₹ in crore

Sr. No.	Particulars	2019-20	2018-19
	Statement of Profit and Loss:		
(a)	Profit and Loss section:		
	(i) Current tax :		
	Current tax expense for the year	507.92	488.47
	Tax expense in respect of earlier years	-	-
		507.92	**488.47**
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(263.65)	(31.35)
	Effect on deferred tax balances due to the change in income tax rate **(refer footnote)**	203.40	-
		(60.25)	**(31.35)**
	Income tax expense reported in the statement of profit or loss[(i)+(ii)]	**447.67**	**457.12**
(b)	Other Comprehensive Income (OCI) Section:		
	(i) Items that will not be reclassified to profit or loss in subsequent years:		
	(A) Current tax expense/(income):	-	-
	(B) Deferred tax expense/(income):		
	On re-measurement of the defined benefit plans	(1.13)	(0.54)
		(1.13)	**(0.54)**
	(ii) Items that will be reclassified to profit or loss in subsequent years:		
	(A) Current tax expense/(income):	-	-
	(B) Deferred tax expense/(income):		
	On gains and loss on hedging instruments in a cash flow hedge	(29.73)	-
	On gain/(loss) on fair value of debt securities	-	-
		(29.73)	**-**
	Income tax expenses reported in the other comprehensive income [i+ii]	**(30.86)**	**(0.54)**
(c)	**Other directly reported in balance sheet (opening retained earning):**		
	Current tax expense	-	-
	Deferred tax (assets)/liabilities		
	-Transition impact of Ind-AS 116	(0.69)	-
	Income tax expense reported directly in balance sheet	**(0.69)**	**-**

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

₹ in crore

Sr. No.	Particulars		2019-20	2018-19
(a)	Profit before tax		813.96	1,303.08
(b)	Corporate tax rate as per Income tax Act, 1961		25.168%	34.944%
(c)	Tax on accounting profit	**(c)=(a)*(b)**	204.86	455.35
(d)	(i) Tax on Income exempt from tax :			
	(A) Deduction of Special reserve u/s 36(1)(viii) of the Income Tax Act, 1961		(6.93)	(7.46)
	(B) Deduction u/s 80JJA of the Income Tax Act, 1961		(10.13)	-
	(ii) Tax on Income which are taxed at different rates		(9.16)	(1.97)
	(iii) Tax on non deductible expenses:			
	(A) Corporate Social Responsibility (CSR) expenses		1.65	0.74
	(B) Provision for dimunition of investments		63.76	1.68
	(iv) Tax effect of reversal of deferred tax asset (MTM investments) recognised in earlier year		-	9.79
	(v) Tax effect on various other Items		0.22	(1.01)
	Total effect of tax adjustments [(i) to (v)]		**39.41**	**1.77**
(e)	**Tax expense (before one-time deferred tax impact)**	**(e)=(c)+(d)**	**244.27**	**457.12**
(f)	**Effective tax rate (before one-time deferred tax impact)**	**(f)=(e)/(a)**	30.01%	35.08%
(g)	Effect on deferred tax due to change in Income tax rate (Refer footnote)		203.40	-
(h)	**Tax expense recognised during the year**	**(h)=(e)+(g)**	**447.67**	**457.12**
(i)	**Effective tax rate**	**(i)=(h)/(a)**	55.00%	35.08%

footnote: The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions/ incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial statement are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the opening deferred tax asset (net) has been measured at the lower rate, with a one-time corresponding charge of ₹203.40 crore to the Statement of Profit and Loss.

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet

Particulars	As at March 31, 2020		As at March 31, 2019	
	₹ in crore	Expiry year	₹ in crore	Expiry year
Tax losses (Business loss and unabsorbed depreciation)				
- Amount of losses having expiry	-	-	-	-
- Amount of losses having no expiry	-	-	-	-
Tax losses (Capital loss)	-	-	-	-
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	-	-	-	-
Total	-		-	

(c) (ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet

₹ in crore

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	Towards provision for diminution in value of investments	366.31	55.37
(b)	Arising out of upward revaluation of tax base of assets (on account of indexation benefit)	-	-
(c)	Other items	-	-
	Total	**366.31**	**55.37**

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

₹ in crore

Particulars	Deferred tax liabilities/ (assets) as at March 31, 2018	Charge/(credit) to Statement of Profit and Loss	Charge/(credit) to other comprehensive income	Charge/(credit) directly in balance sheet (Opening retained earning)	Deferred tax liabilities/ (assets) as at March 31, 2019
Deferred tax liabilities:					
-Interest income recognised on Stage 3 Loans	45.59	(24.03)	-	-	21.56
-Unamortised borrowing cost	2.12	(1.31)	-	-	0.81
-Other items giving rise to temporary differences	22.64	0.39	-	-	23.03
Net deferred tax liabilities	**70.35**	**(24.95)**	**-**	**-**	**45.40**
Deferred tax (assets):					
-Provision on loan assets based on expected credit loss	(691.69)	52.32	-	-	(639.37)
-Provision on trade receivables	-	-	-	-	-
-Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	(27.78)	11.15	-	-	(16.63)
-Fair value of investments	(11.94)	0.35	-	-	(11.59)
-Defined benefit obligation (Gratuity and Leave encashment)	(4.13)	(2.94)	(0.54)	-	(7.60)
-Amortisation of expenditure incurred for amalgamation	(5.94)	1.98	-	-	(3.96)
-Liability for expenses	(7.64)	(2.87)	-	-	(10.51)
-Difference between book base and tax base of property, plant & equipement, other intangible assets and goodwill	(16.38)	(66.57)	-	-	(82.95)
-Other items giving rise to temporary differences	(0.18)	0.18	-	-	-
Net Deferred tax (assets)	**(765.68)**	**(6.40)**	**(0.54)**	**-**	**(772.61)**
Net deferred tax liability/(assets)	**(695.33)**	**(31.35)**	**(0.54)**	**-**	**(727.21)**

₹ in crore

Particulars	Deferred tax liabilities/ (assets) as at March 31, 2019	Charge/(credit) to Statement of Profit and Loss	Charge/(credit) to other comprehensive income	Charge/(credit) directly in balance sheet (Opening retained earning)	Deferred tax liabilities/ (assets) as at March 31, 2020
Deferred tax liabilities:					
-Interest income recognised on Stage 3 Loans	21.56	(11.08)	-	-	10.48
-Unamortised borrowing cost	0.81	(0.66)	-	-	0.15
-Other items giving rise to temporary differences	23.03	2.77	-	-	25.80
Net deferred tax liabilities	**45.40**	**(8.97)**	**-**	**-**	**36.43**
Deferred tax (assets):					
-Provision on loan assets based on expected credit loss	(639.37)	(5.35)	-	-	(644.72)
-Provision on trade receivables	-	(2.21)	-	-	(2.21)
-Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	(16.63)	9.12	-	-	(7.51)
-Fair value of investments	(11.59)	(7.30)	-	-	(18.89)
-Defined benefit obligation (Gratuity and Leave encashment)	(7.60)	1.64	(1.13)	-	(7.09)
-Amortisation of expenditure incurred for amalgamation	(3.96)	2.53	-	-	(1.43)
-Fair valuation of derivative financial instrument	-	-	(29.73)	-	(29.73)
-Impact on account of Ind AS 116 – Leases	-	(0.15)	-	(0.69)	(0.84)
-Liability for expenses	(10.51)	1.31	-	-	(9.20)
-Difference between book base and tax base of property, plant & equipement, other intangible assets and goodwill	(82.95)	(50.87)	-	-	(133.82)
Net Deferred tax (assets)	**(772.61)**	**(51.28)**	**(30.86)**	**(0.69)**	**(855.44)**
Net deferred tax liability/(assets)	**(727.21)**	**(60.25)**	**(30.86)**	**(0.69)**	**(819.01)**

Note 47: Risk Management

Basis

Great importance is attached to the identification, measurement and control of risks. All employees of the Company 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 Company'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 company, the most important risks it is faced with are the following:

- Credit risk
- Market risk
- Capital risk

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or counterparties fail to fulfil their contractual obligations to the Company.

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 Company 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 Company'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 Company 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 credit exposure for risk management purposes is complex, as the exposure 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 Company measures credit risk for each class of loan assets using inputs such as Probability of Default ("PD") and Loss Given Default ("LGD"). This is similar to the approach used for the purposes of measuring Expected Credit Loss ("ECL") under Ind AS 109.

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are greater in number but lesser in value and are, therefore, managed in aggregated segments.

Infrastructure Finance and Housing Real Estate

The Company 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 Company 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 Company's own internal ratings were benchmarked against the last published cumulative default rates for 1 year and 3 year periods as published annually by CRISIL for Stage 1 and Stage 2 loan assets.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a AAA and A- rating grade is lower than the difference in the PD between a BBB and B- rating grade.

Management also assesses the impact of economic developments in key markets on specific customers, customer segments or portfolios. If changes in credit conditions are foreseen, mitigation action, including the revision of risk appetites or limits and tenors, as appropriate are taken.

Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Loans Against Property)

The Company 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 Company prepares its financial statements in accordance with the IND AS framework.

As per the recent RBI notification on acceptance of IND AS for regulatory reporting, the Company computes provision as per IND AS 109 as well as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where impairment allowance in aggregate for the Company under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) for the Company, the difference is appropriated from net profit or loss after tax to a separate 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.

ECL allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgement and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Three scenarios sufficient to calculate unbiased ECL were used - representing the "most likely outcome" (the "Central" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios). Probability weights are assigned to each scenario. The Central scenario is based on the Company outlook of GDP growth, inflation, unemployment and interest rates for India and most relevant for the Company's loan portfolio. The Upside and Downside scenarios generated at the reporting dates are designed to cover cyclical changes and are updated during the year only if the economic conditions change significantly. Given the uncertainties arising from the COVID 19 pandemic, the ECL allowance as of March 31, 2020, is measured based on the Downside scenario.

Management oversees the estimation of ECL including:

i. setting requirements in policy, including key assumptions and the application of key judgements;
ii. the design and execution of models; and
iii. review of ECL results.

As required by Ind AS 109, a 'three-stage' model for impairment based on changes in credit quality since initial recognition was built as summarised below:

- A loan asset that is not credit-impaired, on initial recognition, is classified in 'Stage 1' and has its credit risk continuously monitored by Management.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the loan asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. (See note 1.13 for a description of how the Company determines when a significant increase in credit risk has occurred).
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. (See note 1.13 for a description of how the Company defines credit-impaired and default).

The following are additional considerations for each type of portfolio held by the Group:

Infrastructure Finance and Housing (Real Estate)

For wholesale business, the PD estimated based on the internal credit rating assigned to the borrower as explained above. Updated or new information/credit assessments for credit risk evaluation are incorporated on an ongoing basis. In addition, information about the creditworthiness of the borrower is updated every year from sources such as financial statements. This will determine the updated internal credit rating and PD. The internal ratings based PD has been benchmarked to the Cumulative Default Rates for 1 year and 3 year periods as published annually by CRISIL.

The Exposure at Default ("EAD") is measured at the amortised cost as at the reporting date, after considering repayments of principal and interest received in advance -

The Company, 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 Company has carried out a historical analysis of loss experience for all closed and live defaulted (Stage 3) borrowers over the previous 5 years.

Retail (Farm Equipment Finance, Two-Wheeler Loans, Micro Loans and Others) and Housing (Loans against Property)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD.

A centralised impairment model summarises the historical payment behaviour of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on days-past-due and month-on-book (vintage) (for certain products) form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

For credit impaired loan assets LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/ enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) was used to determine the LGD ratio for credit impaired loan assets.

The PD and LGD ratio was used along with respective EAD adjustment factor to arrive at the ECL for all stages of loan assets.

Exposure at Default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance.

Purchased or originated credit-impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

The Company's net exposure to credit risk, after taking into account credit risk mitigation, have been tabulated below:

₹ in crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral
Financial assets						
Equity instruments (Associate)	176.50	-		176.50	-	
Total financial assets at cost	**176.50**	-		**176.50**	-	
Cash and cash equivalent and other bank balances	3,402.32	-		1,561.08	-	
Loans and advances at amortised cost	32,699.31	-	Refer footnote below	34,828.40	-	Refer footnote below
Debt instruments	-	-		1,643.54	-	
Trade receivables	18.85	-		11.50	-	
Other receivables	35.83	-		18.95	-	
Other financial assets	66.41	-		107.54	-	
Total financial assets at amortised cost	**36,222.72**	**-**		**38,171.01**	**-**	
Derivative financial instruments	-	-		7.20	-	
Financial assets at fair value through profit or loss	12,916.28	-		12,860.38	-	
Total financial instruments at fair value through profit or loss	**12,916.28**	**-**		**12,867.58**	**-**	
Derivative financial instruments	141.74	-		**-**	-	
Financial instruments at fair value through Other Comprehensive Income	1,176.58	-		2,289.15	-	
Total financial instruments at fair value through Other Comprehensive Income	**1,318.32**	-		**2,289.15**	-	
Total on-balance sheet	**50,633.82**	**-**		**53,504.24**	**-**	
Off balance sheet						
Contingent liabilities	1,318.97	-		1,617.68	-	
Other commitments	88.85	-		114.20	-	
Total off-balance sheet	**1,407.82**	**-**		**1,731.88**	**-**	
Total	**52,041.64**	**-**		**55,236.12**	**-**	

Footnote

(i) Retail loans, other than unsecured loans aggregating ₹ 14,828.70 crore as of March 31, 2020, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans and loans against property) (as of March 31, 2019: ₹ 12,911.95 crore). If the customer fails to pay, the Company would, as applicable, liquidate collateral and/or set off accounts. For most products, the Company obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

(ii) Infrastructure Finance and Housing Real Estate loans are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions or post-dated cheques from the customer. It is a criminal offence in India to issue a bad cheque.

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk.

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 Company'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 Company does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Company has invoked pledge of equity shares and Non-convertible debentures ("NCD") in the following companies, pledged with the Company as collateral by the borrowers and these shares and NCD are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Sr. No.	Name of Company	Quantity held as bailee	
		As at March 31, 2020	As at March 31, 2019
i)	Saumya Mining Limited	5,13,012	5,13,012
ii)	SEW Vizag Coal Terminal Private Limited*	7,03,833	7,03,833
iii)	Bhushan Steel Limited	71,89,089	71,89,089
iv)	Sterling International Enterprises Limited	2,17,309	2,17,309
v)	Tulip Telecom Limited	14,01,762	14,01,762
vi)	Punj Lloyed Limited	5	5
vii)	Golden Tobacco Limited	10,000	10,000
viii)	Gujurat Highway Corporation Limited	70,000	70,000
ix)	Hindusthan National Glass & Industries Limited	34,04,499	34,04,499
x)	Automobile Corporation Of Goa	8,784	-
xi)	Bajaj Holdings And Investment Ltd	20,220	-
xii)	Kinetic Engineering Limited	17,556	-
xiii)	Motherson Sumi Systems Limited	91,125	-
xiv)	Munjal Showa Limited	25,000	-
xv)	NTPC Limited	19,000	-
xvi)	Reliance Capital	4,500	-
xvii)	State Bank Of India	10,000	-
xviii)	Tata Consultancy Services Limited	220	-
xix)	Tata Motors Limited – DVR	31,814	-
xx)	NTPC Limited (NCD)	16,300	-

**Shares held on behalf of L&T Infrastructure Finance Company Limited.*

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 Company has established a diversified borrower base and as at March 31, 2020. The Company 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 Company 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 Company's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets and also by setting up limits on relevant liquidity stock ratios. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO'). Given the current market scenario, the Company has been maintaining positive cumulative liquidity gaps for all the time-buckets upto 1 year as a prudent risk management practice.

The Company 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 Company has line of credit from the ultimate parent, Larsen & Toubro Limited.

Further, Reserve Bank of India 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, 2020 is as under:

(i) Funding Concentration based on significant counterparty

Sr. No.	No. of Significant Counterparties	Amount (₹ crore)	% of Total Deposits	% of Total Liabilities
1	27	30,688.22	N.A.	67.16%

Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) – Not Applicable

(iii) Top 10 borrowings :

Amount (₹ crore)	% of Total Borrowings
19,506.91	46.00%

Note:

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

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the product	Amount (₹ crore)	% of Total Liabilities
1	Term Loans	13,762.56	30.12%
2	Private Non-Convertible Debentures	10,665.15	23.34%
3	Working Capital Bank Lines	8,121.85	17.77%
4	Commercial Papers	2,475.00	5.42%
5	Public Non-Convertible Debentures	3,907.87	8.55%
6	External Commercial Borrowings	2,588.58	5.67%
7	Inter corporate Deposits	885.64	1.94%
	Total	**42,406.65**	**92.81%**

Note:

- A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(v) Stock Ratios:

Sr. No.	Stock Ratio	%
1	Commercial papers as a % of total liabilities	5.42%
2	Commercial papers as a % of total assets	4.53%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%
5	Other short-term liabilities as a % of total liabilities	24.31%
6	Other short-term liabilities as a % of total assets	20.35%

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.

Foreign Exchange Rate Risk:

In the normal course of its business, the Company does not deal in foreign exchange in a significant way. Any significant foreign exchange exposure on account of foreign exchange borrowings is fully hedged to safeguard against exchange rate risk.

Interest Rate Risk:

Interest rate risk is the risk where changes in market interest rates affect the Company's financial position due to change in its Net Interest Income (NII). To mitigate interest rate risk, ALM Policy of the Company stipulates Interest Rate Sensitive Gaps for all the time-buckets. Interest Rate Sensitivity Statement is prepared every month and placed before ALCO. The Statement captures the Rate Sensitive Gaps i.e. the mismatch between the Rate Sensitive Assets and Liabilities, in various time buckets. The impact of different types of changes in the yield curve on the earnings for the entire Group of which the Company is a component are also measured every month and captured in the Risk Dashboard.

Security Prices:

The Company manages investment portfolios comprising of government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits and stop loss limit are stipulated. To provide early warning indicators, alarm limits have also been put in place. Reporting periodicity and escalation matrix upon the breach of alarm limits as well as risk limits have been clearly defined. The Company does not invest in Equity stocks and therefore is not exposure to equity price risk on this account.

Note: 47.1 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Expected credit loss - Loans:

₹ in crore

Particulars		As at March 31, 2020			As at March 31, 2019		
		Gross carrying amount	**Expected Credit Loss**	**Carrying amount net of impairment provision**	**Gross carrying amount**	**Expected Credit Loss**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	30,167.59	418.73	29,748.86	33,597.80	397.97	33,199.83
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	1,953.39	167.93	1,785.46	1,127.47	106.13	1,021.34
	Financial assets for which credit risk has increased significantly and credit-impaired	2,991.12	1,826.13	1,164.99	1,845.98	1,238.75	607.23
Total		**35,112.10**	**2,412.79**	**32,699.31**	**36,571.25**	**1,742.85**	**34,828.40**

Note: 47.2 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(b) Reconciliation of loss allowance provision - Loans:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL as on March 31, 2018	**216.19**	**56.99**	**1,692.95**	**1,966.13**
New assets originated or purchased	306.85	32.22	122.11	461.18
Amount written off	-	-	(856.46)	(856.46)
Transfers to Stage 1	21.73	(13.50)	(8.23)	-
Transfers to Stage 2	(2.75)	5.06	(2.31)	-
Transfers to Stage 3	(4.41)	(4.32)	8.73	-
Impact on year end ECL of Exposure transferred between stages during the year	(16.22)	46.39	324.95	355.12
Increase/ (Decrease) provision on existing financial assets including recovery	(123.42)	(16.71)	(42.99)	(183.12)
ECL as on March 31, 2019	**397.97**	**106.13**	**1,238.75**	**1,742.85**
New assets originated or purchased	297.32	33.44	74.49	405.25
Amount written off	(1.61)	-	(815.56)	(817.17)
Transfers to Stage 1	6.72	(1.78)	(4.94)	-
Transfers to Stage 2	(11.37)	13.12	(1.76)	-
Transfers to Stage 3	(22.18)	(74.47)	96.64	-
Impact on year end ECL of Exposure transferred between stages during the year	(6.20)	63.57	1,059.65	1,117.03
Increase/ (Decrease) provision on existing financial assets including recovery	(241.92)	27.91	178.84	(35.17)
ECL as on March 31, 2020	**418.73**	**167.93**	**1,826.13**	**2,412.79**

(c) Reconciliation of Gross carrying amount - Loans:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as on March 31, 2018	**28,956.17**	**1,108.60**	**2,595.77**	**32,660.54**
New assets originated or purchased	22,253.29	351.72	179.82	22,784.83
Amount written off	-	-	(856.46)	(856.46)
Transfers to Stage 1	161.65	(142.02)	(19.63)	-
Transfers to Stage 2	(407.12)	412.00	(4.88)	-
Transfers to Stage 3	(482.58)	(134.58)	617.16	-
Net recovery	(16,883.61)	(468.25)	(665.80)	(18,017.66)
Gross carrying amount as on March 31, 2019	**33,597.80**	**1,127.47**	**1,845.98**	**36,571.25**
New assets originated or purchased	18,775.34	493.53	117.12	19,385.99
Amount written off	(22.96)	-	(825.99)	(848.95)
Transfers to Stage 1	115.93	(103.55)	(12.38)	-
Transfers to Stage 2	(1,295.78)	1,299.93	(4.15)	-
Transfers to Stage 3	(1,691.66)	(485.33)	2,176.98	-
Net recovery	(19,311.09)	(378.67)	(306.43)	(19,996.19)
Gross carrying amount as on March 31, 2020	**30,167.59**	**1,953.39**	**2,991.12**	**35,112.10**

Note: 47.3 Other disclosure pursuant to Ind AS 107 “Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets:

₹ in crore

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
I	**Measured at fair value through profit or loss (FVTPL):**		
	(i) Investment in equity instruments	2.05	7.75
	(ii) Investment in preference shares	0.68	4.55
	(iii) Investment in bonds/debentures	59.48	59.48
	(iv) Investment in mutual funds	5.02	40.09
	(v) Investment in security receipt	1,555.62	279.48
	(vi) Investment in units of fund	101.52	183.77
	(vii) Loans	11,191.91	12,285.27
	(viii) Derivative financial instruments	-	7.20
	Sub-total (I)	**12,916.28**	**12,867.59**
II	**Measured at amortised cost:**		
	(i) Loans	32,699.31	34,828.40
	(ii) Trade receivables	18.85	11.50
	(iii) Other receivables	35.83	18.95
	(iv) Other financial assets	66.41	107.54
	(v) Cash and cash equivalents and bank balances	3,402.32	1,561.08
	(vi) Investment in government securities	-	1,643.53
	Sub-total (II)	**36,222.72**	**38,171.00**
III	**Measured at fair value through other comprehensive income (FVTOCI):**		
	(i) Investment in bonds/Debentures	1,137.88	2,243.12
	(ii) Investment in government securities	-	37.62
	(iii) Investment in equity instruments	31.61	-
	(iv) Investment in pass through certificates	7.09	8.41
	(v) Derivative financial instruments	141.74	-
	Sub-total (III)	**1,318.32**	**2,289.15**
	Total (I+II+III)	**50,457.32**	**53,327.74**

(b) Category-wise classification for applicable financial liabilities:

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
I	**Measured at fair value through profit or loss (FVTPL):**		
	(i) Derivative Instruments not designated as cash flow hedges	-	-
	Sub-total (I)	-	-
II	**Measured at amortised cost:**		
	(i) Debt securities	16,481.87	23,071.60
	(ii) Borrowings (other than debt securities)	25,628.83	22,139.86
	(iii) Subordinated liabilities	1,141.75	1,124.42
	(iv) Trade payables	31.40	86.03
	(v) Other payables	-	13.11
	(vi) Lease liabilities	29.29	-
	(vii) Other financial liabilities	243.85	406.66
	Sub-total (II)	**43,556.99**	**46,841.68**
III	**Measured at fair value through other comprehensive income (FVTOCI):**	-	-
	Sub-total (III)	-	-
	Total (I+II+III)	**43,556.99**	**46,841.68**

Note: 47.4 : Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

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

₹ in crore

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Loans	32,699.31	32,699.31	34,828.40	34,828.40
Investment in government securities	-	-	1,643.54	1,710.43
Total	**32,699.31**	**32,699.31**	**36,471.94**	**36,538.83**
Financial liabilities:				
Debt Securities	16,481.87	16,662.34	23,071.60	23,247.75
Borrowings (other than debt securities)	25,628.83	25,718.27	22,139.86	22,133.77
Subordinated liabilities	1,141.75	1,179.34	1,124.42	1,131.56
Lease liabilities	29.29	29.29	-	-
Total	**43,281.74**	**43,589.24**	**46,335.88**	**46,513.08**

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.

(d) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

₹ in crore

As at March 31, 2020	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	-	-	32,699.31	32,699.31	Discounted cashflow approach
Investment in government securities	-	-	-	-	
Total financial assets	**-**	**-**	**32,699.31**	**32,699.31**	
Financial liabilities:					
Debt Securities	-	-	16,662.34	16,662.34	Discounted cashflow approach
Borrowings (other than debt securities)	-	-	25,718.27	25,718.27	Discounted cashflow approach
Subordinated liabilities	-	-	1,179.34	1,179.34	Discounted cashflow approach
Lease liabilities	-	-	29.29	29.29	Discounted cashflow approach
Total financial liabilities	**-**	**-**	**43,589.24**	**43,589.24**	

₹ in crore

As at March 31, 2019	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	-	-	34,828.40	34,828.40	Discounted cashflow approach
Investment in government securities	-	1,710.43	-	1,710.43	
Total financial assets	**-**	**1,710.43**	**34,828.40**	**36,538.83**	
Financial liabilities:					
Debt Securities	-	-	23,247.75	23,247.75	Discounted cashflow approach
Borrowings (other than debt securities)	-	-	22,133.77	22,133.77	Discounted cashflow approach
Subordinated liabilities	-	-	1,131.56	1,131.56	Discounted cashflow approach
Lease liabilities	-	-	-	-	
Total financial liabilities	**-**	**-**	**46,513.08**	**46,513.08**	

L&T Finance Limited
Notes forming part of the financial statements

Note: 47.5

Disclosure pursuant to Ind AS 113 “Fair Value Measurement“

₹ in crore

Particulars	As at March 31, 2020				As at March 31, 2019			
	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:								
Investments								
- Equity instruments	2.05	-	-	2.05	5.62	-	2.13	7.75
- Preference shares	-	-	0.68	0.68	-	-	4.55	4.55
- Bonds and debentures	-	-	59.48	59.48	-	-	59.48	59.48
- Mutual funds	5.02	-	-	5.02	40.09	-	-	40.09
- Security receipts	-	-	1,555.62	1,555.62	-	-	279.48	279.48
- Units of fund	-	-	101.52	101.52	-	-	183.77	183.77
								-
Loans	-	-	11,191.91	11,191.91	-	-	12,285.27	12,285.27
Derivative financial instruments	-	-	-	-	-	7.20	-	7.20
Sub total	**7.07**	**-**	**12,909.21**	**12,916.28**	**45.71**	**7.20**	**12,814.68**	**12,867.59**
Financial assets at fair value through other comprehensive income:								
Investments								
- Bonds and debentures	-	1,137.88	-	1,137.88	-	2,243.12	-	2,243.12
- Mutual funds				-	-	-	-	-
- Government securities	-	-	-	-	-	37.62	-	37.62
- Pass through certificates	-	-	7.09	7.09	-	-	8.41	8.41
- Equity instruments	31.61	-	-	31.61	-	-	-	
Derivative financial instruments	-	141.74	-	141.74	-	-	-	-
Sub total	**31.61**	**1,279.62**	**7.09**	**1,318.32**	**-**	**2,280.74**	**8.41**	**2,289.15**
Total Financial assets at fair value	**38.68**	**1,279.62**	**12,916.30**	**14,234.60**	**45.71**	**2,287.94**	**12,823.09**	**15,156.74**
Financial liabilities:								
Financial liabilities at fair value through profit and loss:	-	-	-	-	-	-	-	-
Total Financial liabilities at fair value	**-**	**-**	**-**	**-**	-	-	-	-

Note: 47.6 Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

The following table presents the changes in level 3 items for the year ended March 31, 2019 and March 31, 2020 :

₹ in crore

Particulars	- Equity instruments	- Preference shares	- Bonds and debentures	- Pass Through Certificates	- Security Receipts	- Units of fund	Loans	Total
As at March 31, 2018	**2.13**	**5.98**	**57.91**	**22.33**	**226.38**	**122.11**	**7,504.00**	**7,940.84**
Acquisitions	-	-	1.57	-	112.83	65.11	7,596.82	**7,776.33**
Deletions	-	-	-	(13.92)	(27.08)	(3.45)	(2,815.55)	**(2,860.00)**
Gains/(losses) recognised in profit or loss	-	(1.43)	-	-	(32.65)	-	**-**	**(34.08)**
Gains/(losses) recognised in other comprehensive income	-	-	-	-	-	-	**-**	**-**
As at March 31, 2019	**2.13**	**4.55**	**59.48**	**8.41**	**279.48**	**183.77**	**12,285.27**	**12,823.09**
Acquisitions	-	-	-	-	1,345.53	-	2,748.82	**4,094.35**
Deletions	-	-	-	(1.32)	(27.95)	(45.99)	(3,842.18)	**(3,917.44)**
Gains/(losses) recognised in profit or loss	(2.13)	(3.87)	-	-	(41.44)	(36.26)	-	**(83.70)**
Gains/(losses) recognised in other comprehensive income	-		-	-	-	-	-	**-**
As at March 31, 2020	**-**	**0.68**	**59.48**	**7.09**	**1,555.62**	**101.52**	**11,191.91**	**12,916.30**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period								
As at March 31, 2019	**-**	**(1.43)**	**-**	**-**	**(32.65)**	**-**	**-**	**(34.08)**
As at March 31, 2020	**(2.13)**	**(3.87)**	**-**	**-**	**(41.44)**	**(36.26)**	**-**	**(83.70)**
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, 2019	-	-	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-	-	-

Note: 47.7 Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

₹ in crore

Particulars	Fair value as at		Rates for Sensitivity	Impact of Increase in Rates on Total Comprehensive Income statement			
	March 31, 2020	March 31, 2019		March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019
				Favourable	Unfavourable	Favourable	Unfavourable
Investments							
- Equity instruments	-	2.13	5.00%	-	-	0.11	(0.11)
- Preference shares	0.68	4.55	5.00%	0.03	(0.03)	0.23	(0.23)
- Bonds and debentures	59.48	59.48	0.25%	0.15	(0.15)	0.15	(0.15)
- Pass Through Certificates	7.09	8.41	0.25%	0.02	(0.02)	0.02	(0.02)
- Security Receipts	1,555.62	279.48	5.00%	77.78	(77.78)	13.97	(13.97)
- Units of fund	101.52	183.77	5.00%	5.08	(5.08)	9.19	(9.19)
Loans	11,191.91	12,285.27	0.25%	27.98	(27.98)	30.71	(30.71)

Note: 47.8 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

Liquidity risk management :

(a) Maturity profile of financial liabilities based on undiscounted cashflows

₹ in crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within twelve month	After twelve month	Total	Within twelve month	After twelve month	Total
A. Non-derivative liabilities:						
Borrowings*	21,795.51	28,031.25	49,826.76	20,980.56	30,442.56	51,423.12
Trade payables	31.40	-	31.40	86.03	-	86.03
Other payables	-	-	-	13.11	-	13.11
Lease liabilities	7.85	21.44	29.29	-	-	-
Other financial liabilities	243.85	-	243.85	406.66	-	406.66
Total	**22,078.61**	**28,052.69**	**50,131.30**	**21,486.36**	**30,442.56**	**51,928.92**
B. Derivative liabilities:						
Currency swap	-	-	-	-	-	-
Total	-	-	-	-	-	-

* Borrowings include debt securities,borrowings (other than debt securities)and subordinated liabilities and are net off offsetting respective derivative gain/loss

(b) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Undrawn backup lines	2,149.54	3,580.94
Line of credit from Ultimate Holding Company	700.00	700.00

Note 47.9: Capital management

(i) Risk management

The Company's objectives when managing capital are to

(a) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(b) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents) divided by Total 'Equity' (as shown in the balance sheet).

The Company's gearing ratios were as follows:

₹ in crore

Particulars	**March 31, 2020**	**March 31, 2019**
Net debt	40,534.69	44,805.37
Total equity	8,893.59	8,900.43
Net debt to equity ratio	**4.56**	**5.03**

(ii) Loan covenants

There are certain financial and non-financial convenants like security cover, debt-equity ratio, etc. attached to the borrowings availed by the Company. The Company has complied with the covenants throughout the reporting period.

(iii) Dividends

₹ in crore

Particulars	**March 31, 2020**	**March 31, 2019**
(a) Equity shares		
Final dividend for the year ended March 31, 2020 of ₹ Nil per fully paid share (Previous year : Nil)	-	-
Interim dividend for the year ended March 31, 2020 of ₹ 1.15 per fully paid share (Previous year : ₹ 1.20)	183.90	191.90
(b) Dividends not recognised at the end of the reporting year	-	-

Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

Note: 47.10 Market risk management :

(a) Foreign currency risk :

Particulars	As at March 31, 2020	As at March 31, 2019
Liability – External Commercial Borrowings	USD 37,50,00,000.00	USD 1,55,06,280.04
Assets – Currency Swap Contracts	USD 37,50,00,000.00	USD 1,55,06,280.04

(b) Interest rate risk :

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	18,514.93	17,003.97
Fixed rate borrowings	23,891.74	28,797.02
Total borrowings	**42,406.67**	**45,800.99**

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

Particulars	As at March 31, 2020			As at March 31, 2019		
	Weighted average interest	Balance	% of total borrowing	Weighted average interest	Balance	% of total borrowing
Variable rate borrowings	8.89%	18,514.93	43.66%	8.56%	17,003.97	37.13%
Interest rate swap at variable rate	-	-	-	-	-	-
Net exposure to cash flow interest rate risk	**8.89%**	**18,514.93**	**43.66%**	**8.56%**	**17,003.97**	**37.13%**

(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	
	FY 2019-20	FY 2018-19	31 March 2020	31-Mar-19
Interest rates – increase by 25 basis points *	(23.82)	(21.19)	(23.82)	(21.19)
Interest rates – decrease by 25 basis points*	23.82	21.19	23.82	21.19

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

Note: 47.11 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Transfer of financial assets

The following table provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Securitisations		
Carrying amount of transferred assets measured at amortised cost (Held as collateral)	-	-
Carrying amount of associated liabilities	-	-
Fair value of assets	-	-
Fair value of associated liabilities	-	-
Net position at FV	-	-

Note: 48 The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016 as amended (the "RBI Master Directions").

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 for the current year ended March 31,2020.

However the disclosures for the previous year ended March 31, 2019 has been prepared after giving effect of below mentioned adjustments to the amounts reported in the financial statements:

(i) The amount of allowances for expected credit losses on loan assets was added to the loan asset balances and the amount of provisions on standard, non -performing and stressed loan assets was recomputed based on the Company's provisioning policy as approved by the Board of Directors read together with the RBI Master Directions;

(ii) The interest income recognised on Stage 3 loan assets which met the definition of "non-performing asset" was reversed and the recognition was restricted to cash collection;

(iii) The fair valuation gains recognised on long term debt instruments measured at "Fair Value Through Profit or Loss" were reversed; and

(iv) The deferred tax relating to the adjustments listed in items (i) to (iii) above was also adjusted.

Hence figures for the current year ended March 31, 2020 are not comparable with figures for the previous year ended March 31,2019.

48.1 Capital :

₹ in crore

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	CRAR (%)	18.31%	16.98%
ii)	CRAR - Tier I Capital (%)	15.87%	15.22%
iii)	CRAR - Tier II Capital (%)	2.44%	1.76%
iv)	Amount of subordinated debt raised during the year as Tier-II capital	26.00	-
v)	Amount raised during the year by issue of Perpetual Debt Instruments	-	-

48.2 Investments :

₹ in crore

	Particulars	As at March 31, 2020	As at March 31, 2019
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	3,328.04	4,772.83
	(b) Outside India	-	-
	(ii) Provisions for Depreciation		
	(a) In India	250.59	103.03
	(b) Outside India	-	-
	(iii) Net Value of Investments		
	(a) In India	3,077.45	4,669.80
	(b) Outside India	-	-
(2)	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	-	64.68
	(ii) Add : Provisions made during the year	250.59	39.55
	(iii) Less : Write-off / write-back of excess provisions during the year	-	1.20
	(iv) Closing balance	**250.59**	103.03

48.3 Derivatives :

I) Forward Rate Agreement / Interest Rate Swap (also includes currency interest rate swaps)

₹ in crore

	Particulars	2019-20	2018-19
(i)	The notional principal of swap agreements	2,588.58	100.00
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	141.74	7.20
(iii)	Collateral required by the NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	The fair value of the swap book	141.74	7.20

II) Exchange Traded Interest Rate (IR) Derivatives: The Company has not traded in Interest Rate Derivative during the financial year ended March 31,2020 (Previous year: NIL).

III) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

The Company has a Treasury Risk Management Policy approved by the Assets Liability Committee and the Board. This policy provides the framework for managing various risks including interest rate risk and currency risk. The policy provides for use of derivative instruments in managing the risks.

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI.

48.4 Securitisation:

I) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

₹ in crore

	Particulars	No. / Amount	
		As at March 31, 2020	As at March 31, 2019
1	No of SPVs sponsored by the NBFC for securitisation transactions	-	-
2	Total amount of securitised assets as per books of the SPVs sponsored	-	-
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	First loss	-	-
	Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Loss	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

II) Details of securitisation transactions undertaken by applicable NBFCs

₹ in crore

	Particulars	2019-20	2018-19
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts securitised	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value	-	-

III) Details of Assignment transactions undertaken by applicable NBFCs

₹ in crore

	Particulars	2019-20	2018-19
(i)	No. of accounts	-	-
(ii)	Aggregate value (net of provisions) of accounts sold	-	-
(iii)	Aggregate consideration	-	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value*	-	-

* Gain / (Loss) on assignment is amortised over the life of Portfolio.

IV) Details of non-performing financial assets purchased/sold: During the current and previous year, no non-performing financial assets has been purchased/sold from/to other NBFCs.

V) Financial asset sold to Securitisation/Reconstruction company for Asset reconstruction:

₹ in crore

	Particulars	2019-20	2018-19
1	No. of accounts sold	534	3
2	Aggregate value (net of provisions) of accounts sold to SC/RC (₹ crore)	1,672.57	120.83
3	Aggregate consideration (₹ crore)	1,634.94	147.00
4	Additional consideration realized in respect of accounts transferred in earlier years (₹	-	-
5	Aggregate Gain/(Loss) over net book Value (₹ crore)	(37.63)	26.17

48.5 Exposures

(I) Exposure to Real Estate Sector

₹ in crore

	Particulars	As at March 31, 2020	As at March 31, 2019
	Direct Exposure		
(i)	**Residential Mortgages -** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	273.16	346.90
(ii)	**Commercial Real Estate -** Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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 limits	9,495.86	11,207.96
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	1,066.06	-
	Total Exposure to Real Estate Sector	**10,835.08**	**11,554.86**

Footnote: Undisbursed commitments are considered as NIL on account of conditions precedent to disbursements.

(II) Exposure to Capital Market

₹ in crore

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	377.09	289.57
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,385.20	2,004.91
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	137.78	183.77
	Total Exposure to Capital Market	**1,900.07**	**2,478.25**

(III) Details of financing of parent company products: Nil (Previous year : Nil)

(IV) The company has not exceeded the Single Borrower Limit (SBL) or Group Borrower Limit (GBL) as prescribed by the RBI.

(V) Unsecured Advances (net off provision):

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans	12,753.23	14,073.36
Debentures	255.57	324.53
Personal Loans	152.39	-
Total	**13,161.19**	**14,397.89**

Note : There are no advances outstanding as on 31st March 2020 against which intangible securities has been taken as collateral. (Previous year : Nil)

48.6 Miscellaneous

(I) Registration obtained from other financial sector regulators : No registration has been obtained from other financial sector regulators.

(II) Penalties imposed by RBI and other regulators : No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)

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

	Particular	2019-2020				2018-2019		
		CRISIL	**CARE**	**ICRA**	**IRA**	**CARE**	**ICRA**	**IRA**
(i)	Commercial Paper	CRISIL A1+	CARE A1+	ICRA A1+	Not Rated	CARE A1+	ICRA A1+	Not Rated
(ii)	Non-Convertible Debentures	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Negative)	IND AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)
(iii)	Long term Bank facilities	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Negative)	Not Rated	CARE AAA (Stable)	Not Rated	Not Rated
(iv)	Subordinate Debts	Not Rated	CARE AAA (Stable)	ICRA AAA (Negative)	IND AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)
(v)	Perpetual Debt	Not Rated	CARE AA+ (Stable)	ICRA AA+ (Negative)	Not Rated	CARE AA+ (Stable)	ICRA AA+ (Stable)	Not Rated
(vi)	Non-Convertible Debentures(Public Issue)	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Negative)	IND AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	Not Rated
(vii)	Principal Protected Market-Linked Debenture	Not Rated	CARE PP-MLD AAA (Stable)	PP-MLD ICRA AAA (Negative)	Not Rated	CARE PP-MLD AAA (Stable)	PP-MLD-ICRA AAA (Stable)	Not Rated

(V) Postponements of revenue recognition: Current year: NIL (Previous year: NIL)

48.7 Provisions and Contingencies :

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

₹ in crore

Particulars	2019-2020	2018-2019
Provision for depreciation on Investments	250.59	38.36
Provision on loan assets*	669.94	(579.76)
Provision on trade receivable	8.77	-
Provision made towards Income tax		
Current Tax	507.92	488.47
Deferred Tax (included Impact of change in the rate on opening deferred tax)	(60.25)	104.72
Other Provision and Contingencies (with details)		
Loss on foreclosure of loans	1,069.71	1,181.43

* Provision on loan assets includes provision towards impairment of financial instruments.

(II) Drawn down from reserves: No draw down from reserves during the financial year (Previous year: NIL)

48.8 Concentration of Advances, Exposures and NPAs

(I) Concentration of Advances

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest borrowers	9,321.67	8,758.37
Percentage of advances to twenty largest borrowers to total advances of the Company	20.07%	18.31%

(II) Concentration of Exposures

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers#	10,622.73	10,393.78
Percentage of total exposure to twenty largest borrowers / customers to total exposure of the Company on borrowers / customers #	20.96%	19.54%

Undisbursed commitments are considered as NIL on account of conditions precedent to disbursements.

(III) Concentration of NPA

₹ in crore

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	1,087.12	311.99

(IV) Sector-wise NPAs

	Particulars	Percentage to Total Advances in that Sector	
		As at March 31, 2020	As at March 31, 2019
1	Agriculture & allied activities	4.51%	4.14%
2	MSME	0.00%	99.21%
3	Corporate borrowers	10.17%	2.97%
4	Services	0.00%	5.71%
5	Unsecured personal loans	0.09%	70.74%
6	Auto loans	5.15%	5.18%
7	Other personal loans	3.03%	2.95%

48.9 Movement of NPAs

₹ in crore

	Particulars	2019-20	2018-19
(i)	Net NPAs to Net Advances (%)	2.61%	2.13%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,845.98	2,376.64
	(b) Additions during the year	2,787.38	1,345.81
	(c) Reductions during the year	1,642.24	2,023.18
	(d) Closing balance	2,991.12	1,699.27
(iii)	Movement of Net NPAs		
	(a) Opening balance	607.25	1,064.76
	(b) Additions during the year	1,100.76	875.45
	(c) Reductions during the year	543.02	937.98
	(d) Closing balance	1,164.99	1,002.23
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	1,238.73	1,311.88
	(b) Provisions made during the year	1,686.62	470.36
	(c) Write-off / write-back of excess provisions	1,099.22	1,085.20
	(d) Closing balance	1,826.13	697.04

48.10 Disclosure of customer complaints

	Particulars	2019-20	2018-19
(i)	No. of complaints pending at the beginning of the year	26	-
(ii)	No. of complaints received during the year	1,552	1,731
(iii)	No. of complaints redressed during the year	1,555	1,705
(iv)	No. of complaints pending at the end of the year	23	26

48.11 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A), in terms of RBI circular DBR.No.BP.BC.33/21.04.132/2016-17 dated November 10, 2016

₹ in crore

Year	No. of accounts where S4A has been applied	Aggregate amount	Amount outstanding		Provision Held
			In Part A	In Part B	
	Classified as Standard				
2018-19	-	-	-	-	-
2019-20	-	-	-	-	-
	Classified as NPA				
2018-19	1.00	16.13	-	16.13	9.15
2019-20	1.00	16.13	-	16.13	9.15

48.12 Disclosures on COVID19 Regulatory Package - Asset Classification and Provisioning, in terms of RBI circular RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 ("RBI Circular")

₹ in crore

Period	Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	Respective amount where asset classification benefits is extended	Provisions made in terms of paragraph 5 of RBI Circular	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of RBI Circular
Q4 FY 2020	2,409.80	2,409.80	120.49	NA

Footnote:

As required under Para 2 of the RBI Circular, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the Income Recognition and Asset Classification norms ("IRAC norms")

However certain accounts which were Non Performing Assets as on February 29, 2020 as per IRAC norms and become standard due to subsequent receipt of instalments, are also covered in above criteria and consequently, the provisions of para 2 and para 5 of the RBI circular are applied on such accounts.

Further certain accounts can be excluded where subsequent receipt of all the instalments that had fallen due prior to February 29, 2020 resulted in the ‘updated’ number of days past-due as on February 29, 2020 to zero. Consequently, the provisions of para 2 and para 5 of the RBI circular are not required to be applied on such accounts.

48.13 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

₹ in crore

March 31, 2020	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	**-**
Advances (gross)	308.71	365.90	2,556.10	4,722.18	10,223.29	15,564.18	7,071.18	5,055.57	**45,867.11**
Investments (gross)	35.10	-	-	-	819.29	-	-	2,630.11	**3,484.50**
Borrowings*	1,120.00	2,021.64	1,711.97	1,782.10	4,927.12	23,243.05	5,334.73	2,266.04	**42,406.65**
Foreign Currency assets	-	-	-	-	-	-	-	-	**-**
Foreign Currency liabilities*	-	-	-	-	-	1,724.03	864.55	-	**2,588.58**

* Including ECB loan

footnote: The above bucketing has been arrived at based on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on March 20, 2020.

L&T Finance Limited
Notes forming part of the financial statements

48.14 Details of restructured accounts as on March 31, 2020

₹ in crore

Type of Restructuring			Under CDR Mechanism					Others					Total				
Asset Classification			**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1, 2019	No. of borrowers	-	-	1	-	1	1,981	340	149	-	2,470	1,981	340	150	-	2,471
		Amount outstanding Restructured facility only	-	-	17.03	-	17.03	68.48	36.00	83.05	-	187.53	68.48	36.00	100.08	-	204.56
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	6.58	-	6.58	10.00	9.88	52.88	-	72.76	10.00	9.88	59.46	-	79.34
2	Movement in balance for accounts appearing under opening balance	No. of borrowers	-	-	1	-	1	1,981	340	149	-	2,470	1,981	340	150	-	2,471
		Amount outstanding Restructured facility only	-	-	(17.03)	-	(17.03)	(17.98)	(32.13)	0.63	-	(49.48)	(17.98)	(32.13)	(16.40)	-	(66.51)
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	(6.58)	-	(6.58)	0.47	(7.29)	1.33	-	(5.49)	0.47	(7.29)	(5.25)	-	(12.07)
3	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	32	(31)	(1)	-	-	32	(31)	(1)	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	0.55	(0.54)	(0.01)	-	-	0.55	(0.54)	(0.01)	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	0.01	(0.01)	-	-	-	0.01	(0.01)	-	-	-
5	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	(237)	150	87	-	-	(237)	150	87	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	(29.67)	27.43	2.24	-	-	(29.67)	27.43	2.24	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	(10.32)	8.08	2.24	-	-	(10.32)	8.08	2.24	-	-
7	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2020	No. of borrowers	-	-	-	-	-	1,296	294	170	-	1,760	1,296	294	170	-	1,760
		Amount outstanding Restructured facility only	-	-	-	-	-	21.38	30.76	85.91	-	138.05	21.38	30.76	85.91	-	138.05
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	0.16	10.66	56.45	-	67.27	0.16	10.66	56.45	-	67.27

Note: Asset classification is as required under Master Direction - Non-Banking Financial Company - Systemically Important Non Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended, as asset classification is not defined under Indian Accounting Standards.

L&T Finance Limited
Notes forming part of the financial statements

Note 48.15

Disclosures on Implementation of Indian Accounting Standards, in terms of RBI circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

₹ 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
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	41,027.94	554.41	40,473.52	247.67	306.74
	Stage 2	2,433.61	177.80	2,255.82	42.39	135.41
Subtotal of Performing Assets		**43,461.55**	**732.21**	**42,729.34**	**290.06**	**442.15**
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,124.51	1,132.31	992.21	283.05	849.25
Doubtful - up to 1 year	Stage 3	291.33	211.79	79.54	156.18	55.61
1 to 3 years	Stage 3	504.84	412.85	91.99	328.33	84.52
More than 3 years	Stage 3	70.43	69.18	1.25	51.60	17.58
Subtotal of Non-Performing Assets		**2,991.12**	**1,826.13**	**1,164.99**	**819.16**	**1,006.96**
Loss	Stage 3	-	-	-	-	-
Subtotal		**46,452.67**	**2,558.34**	**43,894.33**	**1,109.22**	**1,449.11**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Non fund base exposure	Stage 1	842.32	3.11	839.21	-	3.11
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**842.32**	**3.11**	**839.21**	**-**	**3.11**
Total	**Stage 1**	**41,870.26**	**557.52**	**41,312.73**	**247.67**	**309.85**
	Stage 2	**2,433.61**	**177.80**	**2,255.82**	**42.39**	**135.41**
	Stage 3	**2,991.12**	**1,826.13**	**1,164.99**	**819.16**	**1,006.96**
	Total	**47,294.99**	**2,561.45**	**44,733.54**	**1,109.22**	**1,452.22**

L&T Finance Limited
Notes forming part of the financial statements

Note : 48.16

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended)

Liabilities Side:

1. **Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**

₹ in crore

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Debentures :				
	- Secured	14,062.08	-	16,007.24	-
	- Unsecured	1,141.75	-	1,124.42	-
	(Other than falling within the meaning of Public Deposits)*				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	13,748.49	-	11,138.56	-
(d)	Inter-Corporate Loans and borrowings	887.37	-	169.36	-
(e)	Commercial Paper (Net off unexpired discounting charges)	2,419.79	-	7,064.36	-
(f)	Public Deposits	-	-	-	-
(g)	Other Loans				
	i) Foreign Currency Loan	-	-	107.32	-
	ii) External commercial borrowings	2,874.92		-	
	iii) Bank Overdraft, Cash credit & Working Capital Demand Loan	8,118.05	-	8,781.30	-
	iv) Corporate Bond Repo and Collateralized Borrowing and Lending Obligation	-	-	1,943.32	-

*** Refer footnote 1 below**

2 **Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :**

₹ in crore

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	In the form of Unsecured debentures	-	-	-	-
(b)	In the form of partly secured debentures i.e. debentures where	-	-	-	-
(c)	Other public deposits	-	-	-	-

*** Refer footnote 1 below**

Assets Side:

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

₹ in crore

	Particulars	Amount Outstanding	
		As at March 31, 2020	As at March 31, 2019
(a)	Secured (net of provision)	30,730.03	33,772.69
(b)	Unsecured (net of provision)	13,161.19	14,144.56

L&T Finance Limited
Notes forming part of the financial statements

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

₹ in crore

	Particulars	Amount Outstanding	
		As at March 31, 2020	**As at March 31, 2019**
(i)	Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease	-	-
	(b) Operating Lease (net of provision)	-	0.30
(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	-	-

5. Break-up of Investments (net off diminution) :

₹ in crore

	Particulars	Amount Outstanding	
		As at March 31, 2020	**As at March 31, 2019**
Current Investments			
1	**Quoted**		
	(i) Shares :		
	(a) Equity	2.05	5.61
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
2	**Unquoted**		
	(i) Shares :		
	(a) Equity	-	-
	(b) Preference	0.68	0.68
	(ii) Debentures and Bonds	858.90	2,250.10
	(iii) Units of Mutual Funds	5.02	40.09
	(iv) Government Securities	-	37.62
	(v) Others (Pass Through Certificates)	7.09	8.41
Long Term Investments			
1	**Quoted**		
	(i) Shares :		
	(a) Equity	31.61	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
2	**Unquoted**		
	(i) Shares :		
	(a) Equity	176.50	178.63
	(b) Preference	-	3.87
	(ii) Debentures and Bonds	338.46	38.00
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	1,643.54
	(v) Others :		
	(a) Security receipts	1,555.62	279.48
	(b) Investment in Units/Pass Through Certificates	101.52	183.77

L&T Finance Limited
Notes forming part of the financial statements

6. **Borrower group-wise classification of assets financed as in (3) and (4) above (see footnote 2 below) :**

₹ in crore

	Category	As at March 31, 2020		As at March 31, 2019	
		Secured (net of provision)	Unsecured (net of provision)	Secured (net of provision)	Unsecured (net of provision)
1	Related Parties **				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	30,730.03	13,161.19	33,772.69	14,144.56
	Total	**30,730.03**	**13,161.19**	**33,772.69**	**14,144.56**

** **As per Indian Accounting Standard issued by MCA (Please see footnote 3)**

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

₹ in crore

	Category	As at March 31, 2020		As at March 31, 2019	
		Market value/Breakup Value/ Fair Value / NAV	Book Value (Net of Provision)	Market value/Breakup Value/ Fair Value / NAV	Book Value (Net of Provision)
1	Related Parties**				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	176.50	176.50	176.50	176.50
2	Other than related parties	3,151.54	2,900.95	4,596.33	4,493.30
	Total	**3,328.04**	**3,077.45**	**4,772.83**	**4,669.80**

** **As per Indian Accounting Standard issued by MCA (Please see footnote 3)**

8. **Other Information**

₹ in crore

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Gross Non-Performing Assets	2,991.12	1,699.27
	(a) Related parties	-	-
	(b) Other than related parties	2,991.12	1,699.27
(ii)	Net Non-Performing Assets	1,164.99	1,002.23
	(a) Related parties	-	-
	(b) Other than related parties	1,164.99	1,002.23
(iii)	Assets acquired in satisfaction of debt (Gross)	102.40	102.62

Footnotes:

1. As defined in point xxvii of paragraph 3 of Chapter -II of these Directions.
2. Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.
3. All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.

L&T Finance Limited
Notes forming part of the financial statements

Note : 49 Moratorium in accordance with the Reserve Bank of India (RBI) guidelines :

The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company has proposed to offer a moratorium of three months on the payment of instalments falling due between March 1, 2020 and May 31, 2020 to eligible borrowers. For all such accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

Note : 50 Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, intangible assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statement. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statement and the Company will continue to monitor any material changes to the future economic conditions. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

Note : 51 Proposed Amalgamation of L&T Infrastructure Finance Company Ltd ("LTIFC") and L&T Housing Finance Ltd ("LTHFC") with the Company

The Board of Directors of the Company have approved a scheme of amalgamation by way of merger by absorption ("Scheme" or "Scheme of Amalgamation") on March 20, 2020, resulting in amalgamation of LTIFC and LTHFC with the Company, leading to creation of a single unified lending entity with appointed date of April 1, 2020 subject to requisite regulatory approvals.

Note: 52 Previous year figures have been regrouped/reclassified whenever necessary, to make them comparable with the current year figures.

Note: 53 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on May 14, 2020.

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

Dinanath Dubhashi
Chairperson
DIN : 03545900

Manish Jethwa
Head Accounts
Chief Financial Officer

Gufran Ahmed Siddiqui
Company Secretary

Place : Mumbai
Date : May 14, 2020