

# Corporate Governance Report

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

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

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

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

### B. Board of Directors

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

#### 1. Composition of Board:

The Composition of Board is in compliance with the provisions of Section 149 of the Companies Act, 2013 (“the Act”) and Regulation 17 of the SEBI Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising six Independent Directors (including two women Independent Directors), one Executive Director, one Non-Executive Director and one Nominee Director. Mr. Y. M. Deosthalee

ceased to be Chairperson and Director of the Company with effect from May 31, 2017 and Mr. S. V. Haribhakti was appointed as Chairperson of the Company with effect from June 1, 2017. Mr. Amit Chandra, Nominee Director and Mr. B. V. Bhargava, an Independent Director of the Company, resigned from the Board of Directors to devote time to other commitments and accordingly ceased to be a Directors of the Company with effect from June 15, 2017 and August 31, 2017 respectively. The Company appointed Ms. Nishi Vasudeva and Ms. Vaishali Kasture as Independent Directors in accordance with the provisions of Sections 149, 152 and 161 of the Act and Mr. Pavninder Singh as the Nominee Director in accordance with the provisions of Section 161 of the Act, not being liable to retire by rotation with effect from June 15, 2017, pursuant to approval of the Members at the Ninth Annual General Meeting held on August 28, 2017. Commensurate with the size of the Company, complexity and nature of various underlying businesses, the composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of ‘Independent Director’ stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. None of the Independent Directors hold office as an Independent Director in more than seven equity listed companies as stipulated under Regulation 25 of the SEBI Listing Regulations. Further, no Whole-time Director of the Company is serving as an Independent Director in any company. None of the Directors of the Company are inter-se related to each other.

#### 2. Board Procedure:

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

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

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

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

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

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

appropriate recording of minutes of the meetings.

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

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

### **3. Meeting of Independent Directors:**

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of the management. The Independent Directors of the Company met on May 4, 2017 and October 26, 2017, pursuant to the provisions of the Act and the SEBI Listing Regulations.

### **4. Meetings & Attendance:**

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

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

| Name of the Director                | DIN      | Nature of Directorship | Board Meetings held / conducted during the tenure of Directors / year | No. of Board Meetings attended | Attendance at last AGM | No. of Directorships in other companies <sup>(1)</sup> | No. of Committee Memberships / Chairmanships (including in Company) <sup>(2)</sup> |          | No. of Independent Directorships (including in Company) <sup>(3)</sup> |
|-------------------------------------|----------|------------------------|---|--------------------------------|------------------------|--|--|----------|--|
|                                     |          |                        |   |                                |                        |  | Member   | Chairman |  |
| Mr. Y. M. Deosthalee <sup>(4)</sup> | 00001698 | C (NED)                | 1   | 1                              | N.A.                   | -  | -  | -        | -  |
| Mr. S. V. Haribhakti                | 00007347 | C (ID)                 | 6   | 6                              | Present                | 18   | 10   | 5        | 7  |
| Mr. Dinanath Dubhashi               | 03545900 | MD & CEO               | 6   | 6                              | Present                | 7  | 6  | 2        | -  |
| Mr. R. Shankar Raman                | 00019798 | NED                    | 6   | 6                              | Present                | 8  | 4  | -        | -  |
| Mr. B. V. Bhargava <sup>(5)</sup>   | 00001823 | ID                     | 2   | 1                              | Present                | -  | -  | -        | -  |
| Mr. P. V. Bhide                     | 03304262 | ID                     | 6   | 6                              | Present                | 8  | 9  | 3        | 6  |
| Mr. Harsh Mariwala                  | 00210342 | ID                     | 6   | 5                              | Absent                 | 13   | 1  | -        | 4  |
| Mr. Thomas Mathew T.                | 00130282 | ID                     | 6   | 6                              | Present                | 4  | 3  | -        | 2  |
| Ms. Nishi Vasudeva <sup>(6)</sup>   | 03016991 | ID                     | 5   | 4                              | Present                | 2  | 4  | 1        | 2  |
| Ms. Vaishali Kasture <sup>(6)</sup> | 01837395 | ID                     | 5   | 3                              | Absent                 | 3  | -  | -        | 1  |
| Mr. Pavninder Singh <sup>(7)</sup>  | 03048302 | NED(ND)                | 5   | 4                              | Present                | -  | -  | -        | -  |
| Mr. Amit Chandra <sup>(8)</sup>     | 00009797 | NED(ND)                | 1   | -                              | N.A.                   | -  | -  | -        | -  |

**Notes:**

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

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

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

<sup>(4)</sup> Ceased to be a Director with effect from May 31, 2017.

<sup>(5)</sup> Ceased to be a Director with effect from August 31, 2017.

<sup>(6)</sup> Appointed as an Independent Director with effect from June 15, 2017.

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

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

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

**5. Information to the Board:**

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

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results and results of operations of subsidiaries.
- Minutes of the meetings of the Board of Directors and Committees of the Board.
- Minutes of the Board meetings of subsidiaries.
- Details of potential acquisitions or collaboration agreement, if any.
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment for services rendered, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.

- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service issues such as non-payment of dividend, delay in share transfer, etc., if any.

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

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

**7. Performance Evaluation:**

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

**8. Succession Planning:**

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

## 9. Familiarization programme:

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

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

## C. Board Committees

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

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

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

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

#### Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act
  - b. Changes, if any, in the accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;

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

Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;

- Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of information as prescribed under the SEBI Listing Regulations (as amended from time to time).

#### Composition:

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

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

#### Meetings and Attendance:

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

| Name of the Director              | No. of Meetings held / conducted during the tenure of Directors / year | No. of Meetings attended |
|-----------------------------------|--|--------------------------|
| Mr. S. V. Haribhakti              | 8  | 8                        |
| Mr. R. Shankar Raman              | 8  | 7                        |
| Mr. Thomas Mathew T.              | 8  | 8                        |
| Mr. B. V. Bhargava <sup>(1)</sup> | 4  | 3                        |

<sup>(1)</sup> Ceased to be a Director with effect from August 31, 2017.

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

## 2. Stakeholders Relationship Committee (“SRC”)

### Terms of reference:

The role of the SRC includes the following:

- Reviewing of cases for refusal of transfer / transmission of shares, debentures and other securities, if any;
- Redressal of stakeholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest, etc.;
- Reference to statutory and regulatory authorities regarding security holders’ grievances; and
- Ensuring proper and timely attendance and redressal of security holders’ queries and grievances.

### Composition:

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

| Name of the Director              | Designation in the Committee | Nature of Directorship |
|-----------------------------------|------------------------------|------------------------|
| Mr. P. V. Bhide                   | Chairperson                  | ID                     |
| Mr. R. Shankar Raman              | Member                       | NED                    |
| Mr. Harsh Mariwala                | Member                       | ID                     |
| Ms. Nishi Vasudeva <sup>(1)</sup> | Member                       | ID                     |

<sup>(1)</sup> Appointed as a Member with effect from July 26, 2017.

### Meetings and Attendance:

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

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

### Details of Shareholders’ requests / complaints:

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

| Particulars                         | Opening | Received | Resolved | Pending |
|-------------------------------------|---------|----------|----------|---------|
| Complaints :                        |         |          |          |         |
| SEBI/Stock Exchanges <sup>(1)</sup> | 2       | 18       | 20       | 0       |
| Queries :                           |         |          |          |         |
| Transmission/ Transfer              | Nil     | 0        | 0        | Nil     |
| Demat/Remat                         | Nil     | 13       | 13       | Nil     |

<sup>(1)</sup> SEBI – 9, Stock Exchange - 11.

The Board has delegated the powers to approve transfer / transmissions of physical shares and to approve remat of shares to a Share Transfer Committee comprising of three Senior Executives. This Committee held five meetings during the year for conducting the business delegated to it. Ms. Apurva Rathod is the Compliance Officer / Investor Relations Officer, who deals with matters pertaining to Shareholders’ grievances.

## 3. Nomination and Remuneration Committee (“NRC”)

### Terms of reference:

The role of the NRC includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance;
- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Ensuring that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance

objectives appropriate to the working of the Company and its goals.

- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- Formulating the Employee Stock Option Scheme ("ESOS"), deciding the terms and conditions, making appropriate recommendations to the Board of Directors and administering and superintending ESOS.

### Composition:

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

| Name of the Director                | Designation in the Committee | Nature of Directorship |
|-------------------------------------|------------------------------|------------------------|
| Mr. Thomas Mathew T. <sup>(1)</sup> | Chairperson                  | ID                     |
| Mr. S. V. Haribhakti                | Member                       | ID                     |
| Mr. P. V. Bhide                     | Member                       | ID                     |
| Mr. Harsh Mariwala                  | Member                       | ID                     |
| Mr. Pavninder Singh <sup>(2)</sup>  | Member                       | ND                     |

<sup>(1)</sup> Appointed as a Member with effect from May 4, 2017.

<sup>(2)</sup> Appointed as a Member with effect from July 12, 2017.

### Meetings and Attendance:

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

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

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

<sup>(2)</sup> Ceased to be a Director with effect from June 15, 2017.

### Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The compensation reflects each

Board member's responsibility and performance. The Directors on the Board who are in the service of Larsen & Toubro Limited / LTFS Group draw remuneration from Larsen & Toubro Limited / LTFS Group and are not paid any commission or sitting fees for attending the meetings of the Board and / or any Committee of the Company.

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

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

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

#### a) Remuneration to Executive Director(s)

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

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

(₹ in Lakh)

| Salary and Perquisites <sup>(1)</sup> | Variable Remuneration <sup>(2)</sup> | Retirement Benefits | Total  |
|---------------------------------------|--------------------------------------|---------------------|--------|
| 671.00                                | 164.00                               | 21.95               | 856.95 |

<sup>(1)</sup> Includes perquisite on ESOPs exercised during the year.

<sup>(2)</sup> Based on policy formulated by the NRC and approved by the Board.

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

### b) Remuneration to Non-Executive Directors

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

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

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

The details of remuneration to the NEDs are as follows:

(₹ in Lakh)

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

<sup>(1)</sup> Based on guidelines formulated by the NRC and approved by the Board.

<sup>(2)</sup> Upto May 31, 2017.

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

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

### 4. Corporate Social Responsibility Committee ("CSR")

#### Terms of reference:

The role of CSR includes the following:

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



**Composition:**

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

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

<sup>(1)</sup> Appointed as a Member with effect from October 26, 2017.

<sup>(2)</sup> Appointed as a Member with effect from July 26, 2017.

**Meetings and Attendance:**

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

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

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

**5. Committee of Directors ("COD")****Terms of reference:**

The COD of the Company was constituted to facilitate the operational decisions within the broad framework laid down by the Board such as day to day operational decisions of the Company in terms of borrowing power, additional investment in subsidiaries, etc.

**Composition:**

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

| Name of the Director                | Designation in the Committee | Nature of Directorship |
|-------------------------------------|------------------------------|------------------------|
| Mr. S. V. Haribhakti <sup>(1)</sup> | Member                       | ID                     |
| Mr. Dinanath Dubhashi               | Member                       | MD & CEO               |
| Mr. R. Shankar Raman                | Member                       | NED                    |

<sup>(1)</sup> Appointed as a Member with effect from July 26, 2017.

**Meetings and Attendance:**

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

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

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

**6. Asset Liability Management Committee ("ALCO")****Terms of reference:**

The role of the ALCO includes the following:

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

**Composition:**

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

| Name of the Member                   | Designation in the Committee |
|--------------------------------------|------------------------------|
| Mr. Dinanath Dubhashi                | Chairperson                  |
| Mr. R. Govindan                      | Member                       |
| Mr. Soumendra Nath Lahiri            | Member                       |
| Dr. Rupa Rege Nitsure                | Member                       |
| Mr. Sachinn Joshi                    | Member                       |
| Mr. Ravindra Gersappa <sup>(1)</sup> | Member                       |
| Mr. S. Anantharaman <sup>(2)</sup>   | Member                       |

<sup>(1)</sup> Inducted as a Member with effect from May 4, 2017.

<sup>(2)</sup> Inducted as a Member with effect from October 26, 2017.

**Meetings and Attendance:**

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

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

The role of the RMC includes the following:

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

**Composition:**

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

| Name of the Member                 | Designation in the Committee |
|------------------------------------|------------------------------|
| Mr. Dinanath Dubhashi              | Member                       |
| Mr. R. Shankar Raman               | Member                       |
| Mr. Pavninder Singh <sup>(1)</sup> | Member                       |
| Mr. S. Anantharaman <sup>(2)</sup> | Member                       |

<sup>(1)</sup> Appointed as a Member with effect from July 26, 2017.

<sup>(2)</sup> Appointed as a Member with effect from October 26, 2017.

**Meetings and Attendance:**

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

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

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

**E. Other Information**

Training of Directors:

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

**Information to Directors:**

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

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

**Statutory Auditors:**

Mr. Sanjiv V. Pilgaonkar, Partner of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and Mr. Ravi Kapoor, Partner of M/s. B. K. Khare & Co., Chartered Accountants, Joint Statutory Auditors of the Company have signed the Audit Report for FY 2017-18.

**Code of Conduct:**

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

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

Sub: Compliance with Code of Conduct

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

**Dinanath Dubhashi**

Managing Director & Chief Executive Officer

**Date:** May 3, 2018

**Place:** Mumbai

**Vigil Mechanism Framework/Whistle Blower Mechanism:**

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

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

to the Audit Committee, wherever desired.

#### General Body Meetings:

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

| Year    | Date              | Time      | Venue   |
|---------|-------------------|-----------|---|
| 2014-15 | September 8, 2015 | 3:00 P.M. | Rama & Sundri Watumull Auditorium, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020 |
| 2015-16 | August 23, 2016   | 3:00 P.M. | Patkar Hall, SNDT Women's University, New Marine Lines, Churchgate, Mumbai – 400 020  |
| 2016-17 | August 28, 2017   | 3:00 P.M. | ST. Andrew's Auditorium, ST. Dominic Road, Bandra (West), Mumbai – 400 050  |

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

| Year    | Date              | Resolution   |
|---------|-------------------|--|
| 2014-15 | September 8, 2015 | <ul style="list-style-type: none"> <li>➤ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2015-16 for an amount not exceeding ₹ 2,000 Crore.</li> <li>➤ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.</li> <li>➤ Alteration of Memorandum of Association of the Company.</li> <li>➤ Alteration of Articles of Association of the Company.</li> </ul> |
| 2015-16 | August 23, 2016   | <ul style="list-style-type: none"> <li>➤ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2016-17 for an amount not exceeding ₹ 2,000 Crore.</li> <li>➤ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.</li> </ul>   |
| 2016-17 | August 28, 2017   | <ul style="list-style-type: none"> <li>➤ Issue of Non-Convertible Debentures / Bonds on a private placement basis during FY 2017-18 for an amount not exceeding ₹ 2,000 Crore.</li> <li>➤ Issue of Cumulative Compulsorily Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.</li> </ul>   |

#### Postal Ballot:

The Board of Directors of the Company had, at its meeting held on January 31, 2018, provided its approval to the proposal for conducting Postal Ballot pursuant to Section 110 of the Act for seeking approval of the Members by way of special resolution under Sections 23, 42 and 62(1)(c) of the Act for issuance of equity shares through qualified institutions placement

for an aggregate consideration of up to ₹ 1,000 Crore (Rupees One Thousand Crore only) and for issuance of equity shares on a preferential basis to Larsen & Toubro Limited, Promoter of the Company for an aggregate consideration of up to ₹ 2,000 Crore (Rupees Two Thousand Crore only).

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

(Membership No.: ACS - 15508) as the Scrutinizer for conducting the Postal Ballot and electronic voting process in a fair and transparent manner. The Notice of Postal Ballot dated January 31, 2018 along with the Postal Ballot Forms and postage pre-paid self-addressed business reply envelope were sent to all the Members (with dispatch having been completed on February 5, 2018), for recording their assent or dissent in writing therein or through electronic means. The voting period commenced

from Tuesday, February 6, 2018 from 9:30 a.m. (IST) till Wednesday, March 7, 2018 at 5:00 p.m. (IST). Voting rights of Members were reckoned in proportion to their shares of the paid-up equity share capital on January 25, 2018.

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

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

#### Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under AS 18 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 as amended from time to time while preparing the Financial Statements.
- There were no instances of non-compliance on any matter related to the capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock

Exchange(s) or SEBI or any Statutory Authority.

- The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.
- The web link with respect to the Policy for determining 'material subsidiaries' and Policy on dealing with related party transactions is mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.

#### Means of Communication:

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

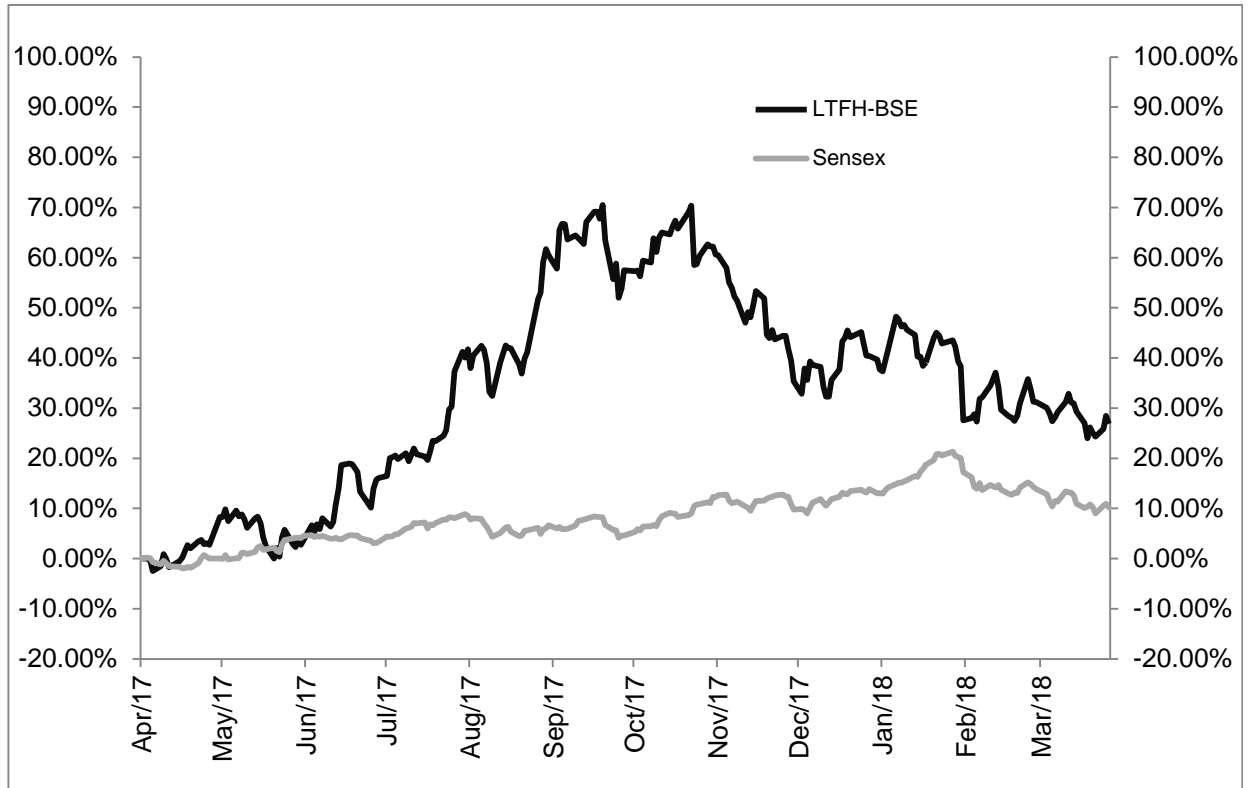
- Financial Express and Loksatta.
- The financial results, official news releases and presentations are also displayed on the website of the Company at <https://www.ltfh.com/investors.html>.
  - The Annual Report is circulated to all the Members and all others like auditors, equity analysts, etc.
  -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

#### General Shareholders' Information:

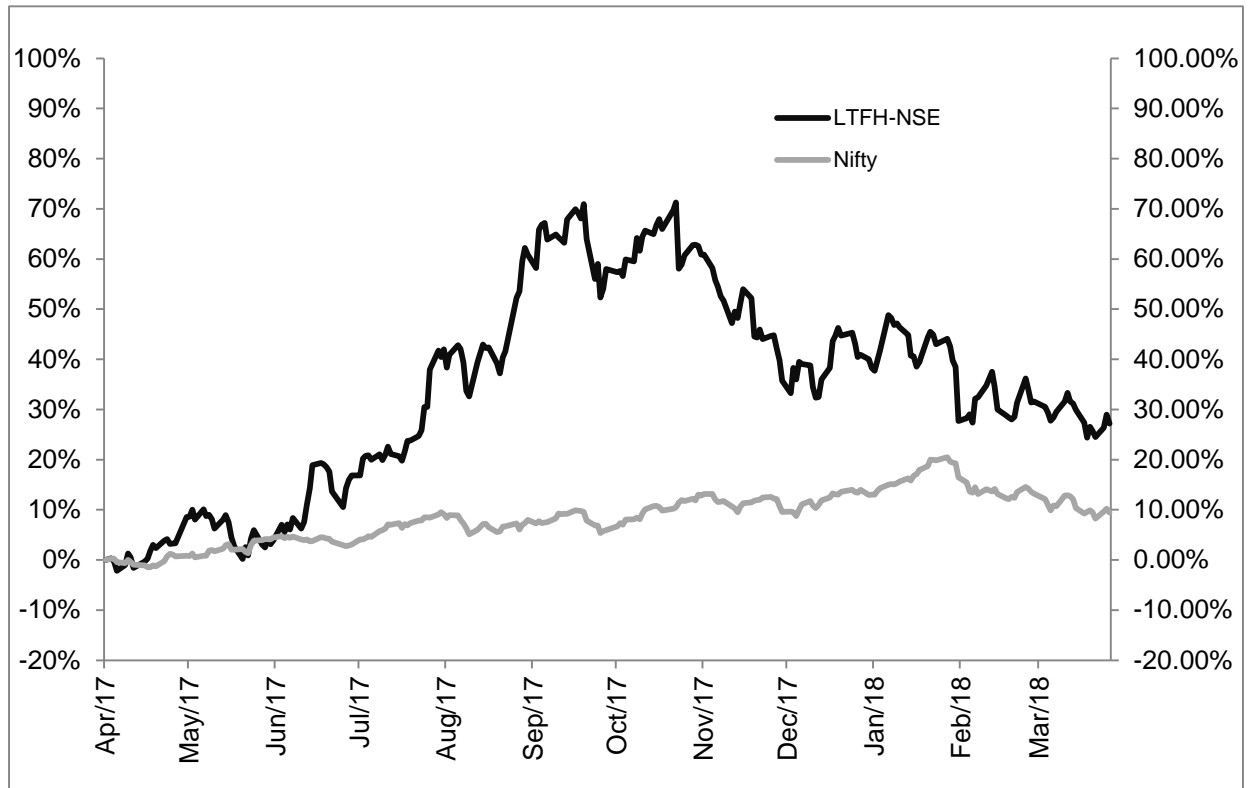
|   |  |
|---|--|
| <b>Annual General Meeting</b>                     | Tuesday, August 28, 2018 at 3:00 p.m.<br>Main Auditorium, Ground Floor, Y. B. Chavan Center, General Jagannathrao Bhonsale Marg, Opposite Mantralaya, Next to Sachivalaya Gymkhana, Mumbai - 400 021.  |
| <b>Financial Year</b>                             | April 1, 2017 to March 31, 2018.   |
| <b>Date of Book Closure</b>                       | Wednesday, August 22, 2018 to Tuesday, August 28, 2018 (both days inclusive).  |
| <b>Dividend Payment</b>                           | The dividend of ₹ 1 per Equity Share of face value of ₹ 10 each, if approved by the Members at the ensuing AGM, will be credited / dividend warrant dispatched before Thursday, September 27, 2018.  |
| <b>Listing on Stock Exchanges (Equity Shares)</b> | 1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001<br>2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (East), Mumbai - 400 051.<br>The Company has paid the listing fees to the Stock Exchanges. |
| <b>Listing of Preference Shares</b>               | All the series of Cumulative Compulsorily Redeemable Preference Shares ("CCRPS") issued by the Company on a private placement basis till date are listed on BSE Limited.   |
| <b>Stock Code (Equity)</b>                        | BSE : 533519<br>NSE : L&TFH  |
| <b>Stock Code (Preference)</b>                    | BSE : 715001, 715010, 715012, 715014   |
| <b>CIN</b>  | L67120MH2008PLC181833  |

#### Market Price Data and Performance in comparison to broad based indices

| Month    | LTFH BSE Price (₹) |        |             | BSE SENSEX |           |             |
|----------|--------------------|--------|-------------|------------|-----------|-------------|
|          | High               | Low    | Month Close | High       | Low       | Month Close |
| Apr-2017 | 129.70             | 119.35 | 127.25      | 30,184.22  | 29,241.48 | 29,918.40   |
| May-2017 | 140.30             | 119.10 | 128.45      | 31,255.28  | 29,804.12 | 31,145.80   |
| Jun-2017 | 150.10             | 126.35 | 143.70      | 31,522.87  | 30,680.66 | 30,921.61   |
| Jul-2017 | 175.80             | 143.45 | 174.85      | 32,672.66  | 31,017.11 | 32,514.94   |
| Aug-2017 | 202.95             | 158.65 | 200.15      | 32,686.48  | 31,128.02 | 31,730.49   |
| Sep-2017 | 212.70             | 185.00 | 195.00      | 32,524.11  | 31,081.83 | 31,283.72   |
| Oct-2017 | 213.60             | 191.60 | 200.85      | 33,340.17  | 31,440.48 | 33,213.13   |
| Nov-2017 | 203.35             | 171.90 | 172.65      | 33,865.95  | 32,683.59 | 33,149.35   |
| Dec-2017 | 182.35             | 159.80 | 173.80      | 34,137.97  | 32,565.16 | 34,056.83   |
| Jan-2018 | 185.45             | 168.00 | 172.50      | 36,443.98  | 33,703.37 | 35,965.02   |
| Feb-2018 | 175.50             | 144.65 | 162.55      | 36,256.83  | 33,482.81 | 34,184.04   |
| Mar-2018 | 165.70             | 151.15 | 157.05      | 34,278.63  | 32,483.84 | 32,968.68   |



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



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

**Distribution of Shareholding as on March 31, 2018:**

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

**Categories of the Shareholders as on March 31, 2018:**

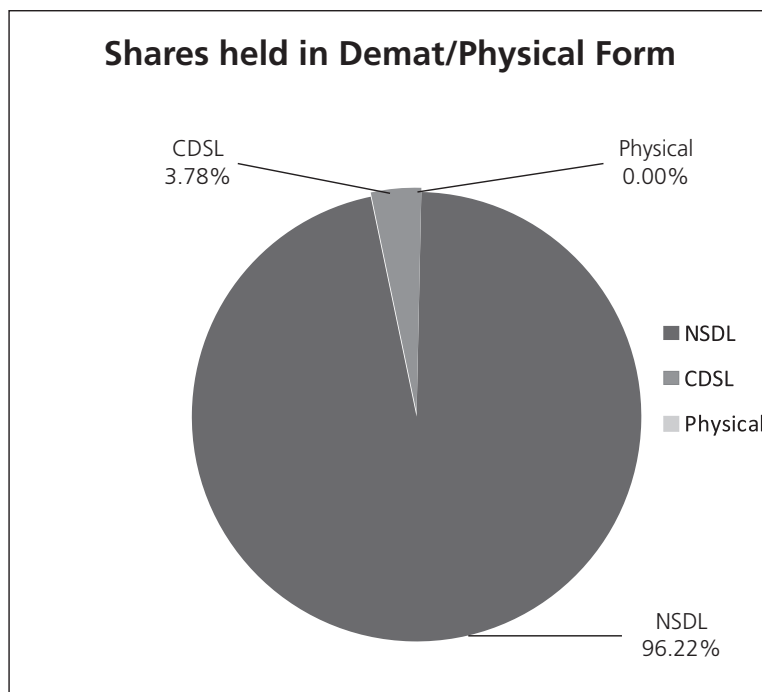
| Category  | No. of Shares         | %             |
|---|-----------------------|---------------|
| Promoters   | 1,27,75,20,203        | 64.01         |
| Financial Institutions  | 93,92,683             | 0.47          |
| Foreign Institutional Investors, Foreign Portfolio Investors & Alternate Investment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

**Dematerialization of Shares:**

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

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





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

### Unclaimed Shares lying in the Suspense Account:

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

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

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

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

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

For the Company, the amount which is unpaid / unclaimed for a period exceeding 7 years is due to be transferred to IEPF by September 14, 2018. The details of unpaid and unclaimed amounts lying with the Company as on August 28, 2017 (date of last AGM) are available on the website of the Company at <https://www.ltfs.com/investors.html> and Ministry of Corporate Affairs at [www.iepf.gov.in/](http://www.iepf.gov.in/). The Company requests the Members to claim the unclaimed dividend within the prescribed period. Members can contact Link Intime India

Private Limited, the Registrar and Share Transfer Agent of the Company for claiming the unclaimed amount standing to the credit in their account. The Members / claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at <http://www.iepf.gov.in/IEPFA/refund.html>.

### Securities Dealing Code

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

The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of Unpublished Price Sensitive Information. Under this Code, Designated Persons are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of the Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the

Code. Directors and Designated Employees who buy and / or sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next 6 months following the prior transactions. Directors and Designated Employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

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

### **Secretarial Audit**

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

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

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

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

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

Dear Sirs / Madams,

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

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

Yours sincerely,

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**Dinanath Dubhashi**  
Managing Director &  
Chief Executive Officer

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**Sachinn Joshi**  
Chief Financial Officer

**Place:** Mumbai  
**Date:** May 3, 2018