

Notes forming part of the Financial Statements for the year ended March 31, 2018

1 Significant accounting policies

1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), to comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non-Banking Finance Company (NBFC) as applicable. The financial statements have been prepared on the accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialise.

1.3 Revenue recognition

- Revenue is recognized 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.
- Interest income on deposits and debentures is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is recognised at the time of actual sale/redemption.
- Dividend income is recognised when the Company's right to receive dividend is established by the reporting date

1.4 Property, plant and equipment and Intangible assets

Property, plant and equipment are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of Property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying Property, plant and equipment up to the date it is ready for its intended use.

Property, plant and equipment acquired in full or part exchange for another Property, plant and equipment are recorded at the fair market value or the net book value given up, adjusted for any balancing cash consideration. Fair market value is determined either for the Property, plant and equipment acquired or given up, whichever is more clearly evident. Property, plant and equipment acquired in exchange for securities of the Company are recorded at the fair market value of the Property, plant and equipment or the fair market value of the securities issued, whichever is more clearly evident.

Capital work in progress: Projects under which Property, plant and equipment are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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

1.5 Depreciation/Amortisation

Depreciation/Amortization on Property, plant and equipment is calculated on a straight-line which reflect the management's estimate of the useful lives of respective Property, plant and equipment and are lesser than or equal to the useful life of the same as prescribed in Schedule II of the Companies Act, 2013.

- Property, plant and equipment costing ₹ 5,000/- or less are fully depreciated in the year of installation.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

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1.6 Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments are classified under two categories i.e. Current and Non current and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'.

Non current investments are carried at acquisition / amortised cost. A provision is made for diminution, other than temporary.

Current investments are valued scrip wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. Non current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

1.7 Leases

Where the Company is lessee

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

1.8 Employee benefits

Short term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Post-employment benefits:

(a) Defined contribution plans:

The Company's provident fund, pension and superannuation scheme are defined contribution plans. The contribution paid/payable under the scheme is recognized during the year in which the employee renders the related services.

(b) Defined benefit plan

Defined benefit plans is in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

1.9 Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will

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be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset if there is convincing evidence that the Company will pay normal Income Tax. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.10 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

1.11 Employee stock option schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of the market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

1.12 Share and debenture issue expense

Expenses incurred on issue of share/debenture are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.13 Cash flow statements

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standard on Cash Flow Statements (AS) 3 issued by the Institute of Chartered Accountants of India.

1.14 Cash and cash equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which

have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

1.15 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earnings Per Share". Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

1.16 Impairment of Assets

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of Property, plant and equipment exceeds its recoverable amount, which is the higher of net selling price or its value in use.

1.17 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.18 Operating cycle

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

Notes forming part of the Financial Statements for the year ended March 31, 2018

2 Share capital

(I) Share capital - Authorised, issued, subscribed and paid up

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| Authorised | | | | |
| Equity Shares of ₹ 10 each | 5,000,000,000 | 500,000.00 | 5,000,000,000 | 500,000.00 |
| Preference Shares of ₹ 100 each | 500,000,000 | 500,000.00 | 500,000,000 | 500,000.00 |
| Issued, Subscribed & Paid up | | | | |
| Equity shares of ₹ 10 each fully paid | 1,995,676,960 | 199,567.70 | 1,755,721,861 | 175,572.19 |
| 9.00% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | 25,000,000 | 25,000.00 | 25,000,000 | 25,000.00 |
| 8.40% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | - | - | 13,900,000 | 13,900.00 |
| 8.50% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | 12,440,000 | 12,440.00 | 12,440,000 | 12,440.00 |
| 8.35% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | 6,000,000 | 6,000.00 | 10,000,000 | 10,000.00 |
| 8.15% cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | 60,000,000 | 60,000.00 | 60,000,000 | 60,000.00 |
| Total issued, subscribed and paid up capital | | 303,007.70 | | 296,912.19 |

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. the final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the forthcoming Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(III) Terms/rights attached to Cumulative Compulsorily Redeemable Preference Shares (CRPS)

The CRPS do not have voting rights other than in respect of matters directly affecting it. In the event of any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The tenure may be extended by a further period, not exceeding 5 days from the original tenure, which shall be notified to the Investors at the time of allotment. On winding or repayment of capital, CRPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid up and shall include any unpaid dividends and any fixed premium (if applicable).

Notes forming part of the Financial Statements for the year ended March 31, 2018

2 Share capital

(IV) Reconciliation of the shares outstanding at the beginning and at the end of the year

| Equity Shares | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 1,755,721,861 | 175,572.19 | 1,753,398,551 | 175,339.86 |
| Issued during the year | | | | |
| - on a preferential basis | 171,631,889 | 17,163.19 | - | - |
| - qualified institutional placement | 63,051,702 | 6,305.17 | - | - |
| - against employee stock option | 5,271,508 | 527.15 | 2,323,310 | 232.33 |
| Outstanding at the end of the year | 1,995,676,960 | 199,567.70 | 1,755,721,861 | 175,572.19 |
| | | | | |
| 9.00% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 25,000,000 | 25,000.00 | 25,000,000 | 25,000.00 |
| Outstanding at the end of the year | 25,000,000 | 25,000.00 | 25,000,000 | 25,000.00 |
| | | | | |
| 8.40% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 13,900,000 | 13,900.00 | 13,900,000 | 13,900.00 |
| Redeemed during the year | (13,900,000) | (13,900.00) | - | - |
| Outstanding at the end of the year | - | - | 13,900,000 | 13,900.00 |
| | | | | |
| 8.50% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 12,440,000 | 12,440.00 | 12,440,000 | 12,440.00 |
| Outstanding at the end of the year | 12,440,000 | 12,440.00 | 12,440,000 | 12,440.00 |
| | | | | |
| 8.35% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 10,000,000 | 10,000.00 | 10,000,000 | 10,000.00 |
| Redeemed during the year | (4,000,000) | (4,000.00) | - | - |
| Outstanding at the end of the year | 6,000,000 | 6,000.00 | 10,000,000 | 10,000.00 |
| | | | | |
| 8.15% Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| At the beginning of the year | 60,000,000 | 60,000.00 | 60,000,000 | 60,000.00 |
| Outstanding at the end of the year | 60,000,000 | 60,000.00 | 60,000,000 | 60,000.00 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

2 Share capital

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

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| Larsen & Toubro Limited and it's nominee | 1,277,520,203 | 127,752.02 | 1,169,709,304 | 116,970.93 |
| | 1,277,520,203 | 127,752.02 | 1,169,709,304 | 116,970.93 |

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

| Equity Shares | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-----------|----------------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Larsen & Toubro Limited and it's nominee | 1,277,520,203 | 64.01% | 1,169,709,304 | 66.62% |
| Citigroup Global Markets Mauritius Private Limited | - | - | 100,421,992 | 5.72% |

| Cumulative compulsorily redeemable preference shares (CRPS) of ₹ 100 each fully paid | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-----------|----------------------|-----------|
| | No. of Shares | % holding | No. of Shares | % holding |
| Pioneer Independent Trust | 10,000,000 | 9.67% | 10,000,000 | 8.24% |
| Bajaj Allianz General Insurance Company Limited | 7,525,000 | 7.27% | 11,525,000 | 9.50% |

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

| | As at March 31, 2018 | | As at March 31, 2017 | |
|----------------------------|----------------------|-----------------|----------------------|-----------------|
| | No. of Shares | (₹ in Lakh) | No. of Shares | (₹ in Lakh) |
| Equity Shares of ₹ 10 each | 34,294,925 | 3,429.49 | 26,611,795 | 2,661.18 |
| | 34,294,925 | 3,429.49 | 26,611,795 | 2,661.18 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

3 Reserves and surplus

(₹ in Lakh)

| | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| a. Securities premium account | | |
| As per last balance sheet | 177,153.52 | 176,067.53 |
| Add: premium on issue of equity shares | 326,729.23 | 1,085.99 |
| Less: share issue expenses adjusted during the year* | 1,853.13 | - |
| Closing balance | 502,029.62 | 177,153.52 |
| * including payment to auditors ₹ 71.94 lakh | | |
| b. Employee stock option outstanding account | | |
| As per last balance sheet | 401.31 | 619.92 |
| Add: addition during the year | 1,036.81 | 71.92 |
| Less: allotment of shares | 320.42 | 168.56 |
| Less: transferred to general reserve | 22.91 | 121.97 |
| Closing balance | 1,094.79 | 401.31 |
| c. Reserve u/s 45-IC of Reserve Bank of India Act, 1934 | | |
| As per last balance sheet | 29,429.24 | 24,456.00 |
| Add: transferred from surplus in the statement of profit and loss | 7,356.77 | 4,973.24 |
| Closing balance | 36,786.01 | 29,429.24 |
| d. General reserve | | |
| As per last balance sheet | 160.19 | 38.22 |
| Add: transferred from employee stock option outstanding | 22.91 | 121.97 |
| Closing balance | 183.10 | 160.19 |
| e. Surplus in the statement of profit and loss | | |
| As per last balance sheet | 16,509.32 | 9,065.58 |
| Add: profit for the year | 36,783.83 | 24,866.17 |
| Less : appropriations | | |
| Dividend paid on equity shares for previous year | 14,573.70 | 5.78 |
| Dividend paid on cumulative compulsorily redeemable preference shares | 9,306.55 | 10,338.95 |
| Tax on Interim dividend paid on cumulative compulsorily redeemable preference shares | - | 2,104.46 |
| Transfer to reserve u/s. 45-IC of Reserve Bank of India Act, 1934 | 7,356.77 | 4,973.24 |
| Closing balance | 22,056.13 | 16,509.32 |
| | 562,149.65 | 223,653.58 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

4 Money received against share warrants

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---------------------------------------|-----------------------|-------------|-----------------------|------------------|
| | No. of Share Warrants | (₹ in Lakh) | No. of Share Warrants | (₹ in Lakh) |
| Money received against share warrants | - | - | 63,820,990 | 11,806.88 |
| Total | - | - | 63,820,990 | 11,806.88 |

Money received against share warrants represent amounts received towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of ₹ 10 each. During the year, 63,820,990 share warrants were due for conversion. The investor exercised the rights for conversion of share warrants into equity shares and accordingly equivalent number of equity shares of Face value of ₹ 10 each are issued at premium of ₹ 64 each. The Company received a total consideration of ₹ 47,227.54 lakh of which ₹ 35,420.65 lakh is received during the year ended March 31, 2018, being 75% of total consideration.

5 Short term borrowings

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|------------------------------------|----------------------|---|----------------------|------------------|
| Unsecured | | | | |
| Commercial Papers | | | | |
| Face value | - | - | 57,500.00 | |
| Less : unexpired discount | - | - | 603.41 | 56,896.59 |
| Intercompany borrowings | 40,000.00 | | | 40,000.00 |
| Cash credit | 496.06 | | | 493.55 |
| Total short term borrowings | 40,496.06 | | | 97,390.14 |

6 Other current liabilities

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|--|----------------------|-----------------|
| Interest accrued but not due on borrowings | 6,373.50 | | | 2,905.48 |
| Statutory dues | 170.42 | | | 38.38 |
| Accrued expenses | 653.45 | | | 629.23 |
| Income received in advance | - | | | 1,650.98 |
| Employee benefits - gratuity payable to fund | 3.10 | | | 56.38 |
| Unclaimed dividend on equity shares | 95.28 | | | 94.71 |
| Unclaimed redemption proceeds and dividend on preference shares | 4.96 | | | 73.62 |
| Dividend tax on cumulative redeemable preference shares | - | | | 2,104.46 |
| Payable to related party | 2.15 | | | 19.07 |
| Other liabilities | 326.86 | | | 7.33 |
| Total other current liabilities | 7,629.72 | | | 7,579.64 |

7 Short-term provisions

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|---------------|----------------------|---------------|
| For employee benefits | | | | |
| - Compensated absences | 97.45 | | | 159.25 |
| - Superannuation fund | 81.98 | | | 70.50 |
| | | 179.43 | | 229.75 |
| Contingency provisions against standard assets | | 401.47 | | 203.95 |
| Total short-term provisions | | 580.90 | | 433.70 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

8 Property, plant and equipment / Intangible assets

(₹ in Lakh)

| Particulars | Gross Block | | | Accumulated Depreciation | | | Net Block | | |
|--|---------------------|-----------|-------------|--------------------------|--------------------|--------------|-------------|---------------------|----------------------|
| | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018 | Upto April 1, 2017 | For the year | Deductions | Upto March 31, 2018 | As at March 31, 2018 |
| Property, plant and equipment | | | | | | | | | |
| Motor Car | - | - | - | - | - | - | - | - | - |
| | (50.11) | - | (50.11) | - | (29.61) | (1.16) | (30.77) | - | - |
| Computers | 8.01 | - | - | 8.01 | 7.21 | 0.27 | - | 7.48 | 0.53 |
| | (8.07) | (0.44) | (0.50) | (8.01) | (7.47) | (0.24) | (0.49) | (7.22) | (0.79) |
| Office Equipments | 1.02 | - | 0.54 | 0.48 | 0.81 | 0.07 | 0.54 | 0.34 | 0.14 |
| | (1.02) | - | - | (1.02) | (0.74) | (0.07) | - | (0.81) | (0.21) |
| Total Property, plant and equipment (A) | 9.03 | - | 0.54 | 8.49 | 8.02 | 0.34 | 0.54 | 7.82 | 0.67 |
| | (59.20) | (0.44) | (50.61) | (9.03) | (37.82) | (1.47) | (31.26) | (8.03) | (1.00) |
| Intangible Assets | | | | | | | | | |
| Computer Software | 15.85 | - | - | 15.85 | 13.72 | 2.13 | - | 15.85 | - |
| | (15.85) | - | - | (15.85) | (10.06) | (3.66) | - | (13.72) | (2.13) |
| Total intangible assets (B) | 15.85 | - | - | 15.85 | 13.72 | 2.13 | - | 15.85 | - |
| | (15.85) | - | - | (15.85) | (10.06) | (3.66) | - | (13.72) | (2.13) |
| Total (A+B) | 24.88 | - | 0.54 | 24.34 | 21.74 | 2.47 | 0.54 | 23.67 | 0.67 |
| Total Previous year* | (75.05) | (0.44) | (50.61) | (24.88) | (47.88) | (5.13) | (31.26) | (21.75) | (3.13) |

* Previous year figures are shown in brackets.

9 Non current investments

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|-------------|----------------------|-------------|
| | No. of shares | (₹ in Lakh) | No. of shares | (₹ in Lakh) |
| Trade investments (valued at cost unless stated otherwise) | | | | |
| Unquoted equity instruments | | | | |
| Investment in subsidiaries | | | | |
| L&T Infrastructure Finance Company Limited (Equity Shares of ₹ 10 each fully paid) | 989,913,695 | 212,509.85 | 892,087,609 | 167,509.85 |
| L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) (Equity Shares of ₹ 10 each fully paid) | 18,750,000 | 1,875.00 | 18,750,000 | 1,875.00 |
| L&T Access Distribution Services Limited # (Equity Shares of ₹ 10 each fully paid) | - | - | 21,350,000 | 2,135.00 |
| L&T Housing Finance Limited (Equity Shares of ₹ 10 each fully paid) | 165,365,110 | 114,287.84 | 129,650,825 | 54,287.84 |
| L&T Finance Limited (erstwhile known as Family Credit Limited) (Equity Shares of ₹ 10 each fully paid) | 1,599,138,199 | 346,909.95 | 1,440,047,294 | 206,909.95 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

9 Non current investments (Continued)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-------------------|----------------------|-------------------|
| | No. of shares | (₹ in Lakh) | No. of shares | (₹ in Lakh) |
| L&T Capital Markets Limited # (Equity Shares of ₹ 10 each fully paid) | 52,312,000 | 7,110.00 | 49,750,000 | 4,975.00 |
| L&T Investment Management Limited (Equity Shares of ₹ 10 each fully paid) | 251,824,329 | 86,755.74 | 251,824,329 | 86,755.74 |
| L&T Mutual Fund Trustee Company Limited (Equity Shares of ₹ 10 each fully paid) | 150,000 | 15.00 | 150,000 | 15.00 |
| L&T Infra Debt Fund Limited (Equity Shares of ₹ 10 each fully paid) | 114,491,100 | 14,575.33 | 109,933,333 | 12,940.00 |
| | | 784,038.71 | | 537,403.38 |
| Aggregate amount of unquoted investments | | 784,038.71 | | 537,403.38 |
| Aggregate provision for diminution in value of investments | | - | | - |

During the current year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f April 1, 2017 being the appointed date.

10 Deferred tax assets (net)

(₹ in Lakh)

| | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Deferred tax assets | | |
| Contingency provisions against standard assets | 140.29 | 70.58 |
| Difference between book balance and tax balance of property, plant and equipment | 0.25 | - |
| Compensated absences | 34.05 | 55.11 |
| Unused tax losses | - | 788.53 |
| Other item giving rise to timing difference | 21.84 | 21.58 |
| Total | 196.43 | 935.80 |
| Deferred tax liabilities | | |
| Difference between book balance and tax balance of property, plant and equipment | - | 0.37 |
| Total | - | 0.37 |
| Total deferred tax assets (net) | 196.43 | 935.43 |

11 Long term loans and advances

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Non Current | | Non Current | |
| Advance taxes (net) | | 154.34 | | 1,403.98 |
| Minimum alternate tax credit entitlement | | 3,280.05 | | 3,280.05 |
| Total long term loans and advances | | 3,434.39 | | 4,684.03 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

12 Current investments

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|-------------|----------------------|------------------|
| | No. of Units | (₹ in Lakh) | No. of Units | (₹ in Lakh) |
| Non trade investments (valued at cost unless stated otherwise) | | | | |
| Unquoted investments in mutual funds | | | | |
| L&T Floating Rate Fund Direct Plan - Growth | - | - | 123,663,286 | 20,000.00 |
| L&T Banking and PSU Debt Fund Direct Plan - Growth | - | - | 35,541,308 | 5,204.00 |
| L&T Flexi Bond Fund Direct Plan - Growth | - | - | 9,887,321 | 1,828.53 |
| Total investment in mutual fund | - | - | 169,091,915 | 27,032.53 |
| Less : Provision and MTM loss on current investments | - | - | - | 18.61 |
| Total current investments | - | - | - | 27,013.92 |

13 Cash and bank balances

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------------------|-----------------|----------------------|---------------|
| | Cash and cash equivalents | | | |
| Balances with banks: | | | | |
| In current accounts | | 1,126.41 | | 52.89 |
| Other bank balances | | | | |
| In earmarked accounts | | | | |
| Unclaimed dividend- For Equity Shares | | 95.28 | | 94.70 |
| Unclaimed redemption proceeds and dividend- For Preference Shares | | 4.96 | | 73.98 |
| Total cash and bank balances | | 1,226.65 | | 221.57 |

14 Short term loans and advances

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|--|---|-------------------|----------------------|------------------|
| | Inter corporate deposits to related parties | | 100,368.27 | |
| Security deposits | | 31.58 | | 30.88 |
| Prepaid expenses | | 26.15 | | 27.14 |
| Input credit available | | 115.21 | | 9.40 |
| Advances recoverable in cash or in kind | | 72.16 | | 29.16 |
| Total short term loans and advances | | 100,613.37 | | 58,367.40 |

15 Other current assets

(₹ in Lakh)

| | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---------------------------------|------------------|----------------------|-----------------|
| | Receivable from related parties | | 540.51 | |
| Interest accrued but not due from related parties | | 1,441.17 | | 490.79 |
| Dividend receivable from related parties | | 22,372.13 | | 8,600.00 |
| Total other current assets | | 24,353.81 | | 9,147.27 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

| 16 Revenue from operations (₹ in Lakh) | | |
|---|--------------------------------------|--------------------------------------|
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Dividend income: | | |
| From subsidiaries | 37,692.48 | 22,633.20 |
| Interest income: | | |
| From subsidiaries | 7,300.86 | 5,124.37 |
| Total revenue from operations | 44,993.34 | 27,757.57 |
| 17 Other income (₹ in Lakh) | | |
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Profit on sale of investments | 521.87 | 1,712.38 |
| Management fees | 654.00 | 1,058.00 |
| Corporate support fees | 1,650.98 | 957.71 |
| Profit on sale of property, plant and equipment | - | 2.00 |
| Others | 16.92 | 1.33 |
| Total other income | 2,843.77 | 3,731.42 |
| 18 Employee benefits expenses (₹ in Lakh) | | |
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Salaries | 472.95 | 797.61 |
| Contribution to and provision for: | | |
| Provident fund | 29.12 | 53.54 |
| Gratuity | (41.61) | 39.07 |
| Compensated absences | (54.39) | 130.62 |
| Superannuation fund | 19.50 | 65.56 |
| | (47.38) | 288.79 |
| Expenses on employees stock option plans (refer note 22.1) | 41.93 | 63.63 |
| Staff welfare expenses | 4.50 | 6.96 |
| Total employee benefits expenses | 472.00 | 1,156.99 |
| 19 Finance costs (₹ in Lakh) | | |
| | Year ended March 31, 2018 | Year ended March 31, 2017 |
| Commercial paper discounting charges | 3,007.34 | 1,660.01 |
| Interest on borrowings | 3,502.12 | 2,908.26 |
| Others | 77.72 | 23.29 |
| Total finance costs | 6,587.18 | 4,591.56 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

20 Administration and other expenses

(₹ in Lakh)

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|
| Professional fees | 261.08 | 410.86 |
| Rent | 104.79 | 85.17 |
| Travelling and conveyance | 73.40 | 56.84 |
| Printing and stationery | 43.64 | 61.87 |
| Telephone, postage and telegrams | 26.87 | 46.32 |
| Advertising and publicity | 85.17 | 25.87 |
| Directors' sitting fees | 40.98 | 24.50 |
| Non executive directors remuneration | 155.17 | 169.72 |
| Auditors remuneration | | |
| Audit fees | 9.00 | 9.00 |
| Tax audit fees | 1.00 | 1.00 |
| Review fees | 9.00 | 9.83 |
| Certification fees | 4.56 | 1.35 |
| Other services (including taxes) | 6.37 | 6.22 |
| Rates and taxes | 1.73 | 4.41 |
| Repairs and maintenance | 47.75 | 10.20 |
| Listing and custodian fees | 86.81 | 87.69 |
| Corporate social responsibility expenditure | 59.79 | 35.25 |
| Membership Fees | 24.61 | - |
| Miscellaneous expenses | 67.87 | 44.23 |
| Total administration and other expenses | 1,109.59 | 1,090.33 |

21 Provisions and contingencies

(₹ in Lakh)

| | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|------------------------------|------------------------------|
| Provision and MTM loss on current investments | - | 18.61 |
| Provision for standard assets | 197.52 | 115.64 |
| Total provisions and contingencies | 197.52 | 134.25 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

22 Notes on Financial Statements

22.1 Stock option scheme

- a) In respect of stock options granted pursuant to Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.
- b) The grant of options to the employees under the stock option scheme is on the basis of their performance and other eligibility criteria. The options allotted under scheme 2010 are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 month from the date of grant.
- c) Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.
- d) The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 was at market price which was the last closing price on National stock exchange preceding the dates of grant respectively.
- e) During the year ended March 31, 2018, 1,691,008 and 3,580,500 options were allotted under scheme 2010 and 2013 respectively.
- f) The details of the grants are summarised below:

| S. No | Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|-------|---|--------------------------------------|--------------------------------------|
| 1 | Options granted and outstanding at the beginning of the year | 26,611,795 | 29,658,998 |
| 2 | Options granted during the year | 1,7050,000 | 12,290,000 |
| 3 | Options cancelled/ lapsed during the year | 4,095,362 | 13,013,893 |
| 4 | Options exercised during the year | 5,271,508 | 2,323,310 |
| 5 | Options granted and outstanding at the end of the year of which – | | |
| | - Options vested | 1,601,425 | 3,967,295 |
| | - Options yet to vest | 32,693,500 | 22,644,500 |
| 6 | Weighted average remaining contractual life of options (in years) | 6.13 | 6.22 |

- g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 41.93 lakh (Previous year ₹ 63.63 lakh) {net of recovery from its subsidiary companies during the year ₹ 994.88 lakh (Previous year: ₹ 8.29 lakh)} towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- h) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2018 is ₹ 5,156.05 lakh (Previous year: ₹ 553.74 lakh), including ₹ 24.96 lakh (Previous year: ₹ 232.27 lakh) for which the options have vested to employees as on March 31, 2018.
- i) Weighted average fair values of options granted during the year is ₹ 68.27 (Previous year: ₹ 27.24) per options.

Notes forming part of the Financial Statements for the year ended March 31, 2018

- j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 483.43 lakh (Previous year: ₹ 45.79 lakh) and Earnings per share Basic and diluted would have been ₹ 1.48 & ₹ 1.47 respectively. (Previous year: ₹ 0.71 & ₹ 0.70 respectively)
- k) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

| Sr. No. | Particulars | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---------|--|---|-----------------------------------|
| a) | Weighted average risk-free interest rate | 6.72% | 7.49% |
| b) | Weighted average expected life of options | 3.90 years | 3.98 years |
| c) | Weighted average expected volatility | 32.57% | 32.53% |
| d) | Weighted average expected dividends | ₹ 3.12 per option | ₹ 3.19 per option |
| e) | Weighted average share price | ₹ 145.59 per option | ₹ 75.53 per option |
| f) | Weighted average exercise price | ₹ 116.58 per share | ₹ 73.70 per share |
| g) | Method used to determine expected volatility | Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option. | |

22.2 Disclosure pursuant to Accounting Standard (AS) 15 Revised "Employee Benefits":

i) Defined Contribution Plans:

The company recognized charges of ₹ 48.62 lakh (Previous year ₹ 119.10 lakh) is as an expense for provident fund and super annuation fund and included in employee contribution in the statement of profit and loss.

ii) Defined Benefit Plans:

The company offers the following employee benefits scheme to its employees; Gratuity expense which included in employee benefits expense in Note 18.

a) The amounts recognised in balance sheet are as follows:

| Sr. No. | Particulars | Gratuity Plan | |
|---------|---|----------------------|----------------------|
| | | As at March 31, 2018 | As at March 31, 2017 |
| A. | Amount to be recognized in Balance Sheet | | |
| | Present Value of Defined Benefit Obligation | | |
| | -Funded | 84.63 | 132.05 |
| | Less: Fair value of Plan Assets | (81.53) | (75.67) |
| | Amount not recognised as an assets (limits in para 59(b)) | - | - |
| B. | Amounts reflected in the Balance Sheet | | |
| | - Liability | 3.10 | 56.38 |
| | - Assets | - | - |
| | Net Liability | 3.10 | 56.38 |

(₹ in lakh)

Notes forming part of the Financial Statements for the year ended March 31, 2018

b) The amount recognised in the statement of profit and loss account are as follows:

(₹ in lakh)

| Particulars | Gratuity Plan | |
|--|-----------------------------------|-----------------------------------|
| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
| Current Service Cost | 16.03 | 8.71 |
| Interest on Defined Benefit Obligation | 10.21 | 41.79 |
| Expected Return on Plan Assets | (6.84) | (26.76) |
| Actuarial Losses/(Gain) | (61.01) | 15.33 |
| Amount not recognised as an assets (limits in para 59(b)) | - | - |
| Total, included in "Employee Benefit Expenses" | (41.61) | 39.07 |
| Actual Return on Plan Assets | 5.68 | 36.47 |

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

(₹ in lakh)

| Particulars | Gratuity Plan | |
|---|----------------------|----------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Opening balance of the present value of defined benefit obligation | 132.05 | 1,063.35 |
| Add: Current Service Cost | 16.03 | 8.71 |
| Add: Interest Cost | 10.21 | 41.79 |
| Add/(less): Actuarial Losses/(Gain) | (62.17) | 25.04 |
| Add: Liabilities Extinguished on Settlements | - | 33.62 |
| Less: Benefits paid | 11.49 | 1,040.46 |
| Closing balance of the present value of defined benefit obligation | 84.63 | 132.05 |
| Expected employer's contribution next year | 20 | 20 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

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

(₹ in lakh)

| Particulars | Gratuity Plan | |
|--|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Opening balance of the fair value of the plan assets | 75.68 | 856.78 |
| Add: Expected Return on plan assets* | 6.84 | 26.76 |
| Add/(less): Actuarial gain/(losses) | (1.16) | 9.70 |
| Add: Contributions by Employer | 11.66 | 222.89 |
| Less: Benefits Paid | 11.49 | 1,040.46 |
| Closing balance of the plan assets | 81.53 | 75.67 |

* The trust formed by the Company manages the investment of gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

- e) **The broad categories of plan assets as a percentage of total plan assets, are as follows:**

(₹ in Lakh)

| Particulars | Gratuity Plan | |
|-------------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| 1 Insurer Managed Funds | 100% | 100% |

- f) **Principal actuarial assumption at the balance sheet date (expressed as weighted averages):**

(₹ in Lakh)

| Particulars | Gratuity Plan | |
|---|--|--|
| | As at March 31, 2018 | As at March 31, 2017 |
| 1 Discount rate (p.a.) | 7.70% | 6.90% |
| 2 Expected return on plan assets (p.a.) | 7.50% | 8.00% |
| 3 Salary escalation rate (p.a.) | 9.00% | 6.00% |
| 4 Mortality rate | Indian assured lives mortality (2006-08) Ult table | Indian assured lives mortality (2006-08) Ult table |

Notes forming part of the Financial Statements for the year ended March 31, 2018

g) The amounts pertaining to experience adjustments are as follows:

| Particulars | As at March 31 | | | | |
|-------------------------------------|----------------|----------|------------|----------|----------|
| | 2018 | 2017 | 2016 | 2015 | 2014 |
| - Defined Benefit Obligation | (84.63) | (132.05) | (1,063.35) | (620.70) | (545.11) |
| - Plan Assets | 81.53 | 75.67 | 856.78 | 906.05 | 842.31 |
| - Surplus /(Deficit) | (3.10) | (56.38) | (206.57) | 285.35 | 297.20 |
| Exp. Adjustment on Plan Liabilities | (71.76) | 19.15 | 392.96 | (108.11) | (214.53) |
| Exp. Adjustment on Plan Asset | (1.16) | 9.70 | (94.79) | 0.38 | 48.52 |

(₹ in lakh)

22.3 Segment Reporting: Accounting Standard – 17

The Company operates mainly in the business segment of investment activity. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

22.4 Related Party Disclosures: Accounting Standard - 18

a. List of Related Parties and Relationships

A. Holding Company

Larsen & Toubro Limited

B. Subsidiary Companies

L&T Infrastructure Finance Company Limited

L&T Financial Consultants Limited
(erstwhile known as L&T Vrindavan Properties Limited)

L&T Investment Management Limited

L&T Housing Finance Limited

L&T Finance Limited (erstwhile known as Family Credit Limited)

L&T Capital Markets Limited #

L&T Infra Debt Fund Limited

C. Fellow Subsidiary (with whom Company has undertaken transaction during current or previous year)

L&T Electromech LLC

L&T General Insurance Company Limited (till September 8, 2016)

D. Key Management Personnel

Mr. Dinanath Dubhashi (from April 14, 2016)

Mr. Y.M. Deosthalee (till September 5, 2016)

During the current year, L&T Access Distribution Services Limited merged into L&T Capital Markets Limited w.e.f. April 1, 2017, being appointed date.

Note: The above list contain name of only those related parties with whom the company has undertaken transactions in current or previous year.

Notes forming part of the Financial Statements for the year ended March 31, 2018

b. Related party transactions:

| | | (₹ in lakh) | |
|----------|---|-------------|-------------|
| Sr. No. | Nature of Transactions | 2017-18 | 2016-17 |
| 1 | Subscription to equity shares of | | |
| | • L&T Capital Markets Limited | - | 200.00 |
| | • L&T Housing Finance Limited | 60,000.00 | 7,500.00 |
| | • L&T Infra Debt Fund Limited | 1,635.33 | - |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 140,000.00 | - |
| | • L&T Infrastructure Finance Company Limited | 45,000.00 | 22,000.00 |
| | • L&T Access Distribution Services Limited | - | 1,535.00 |
| 2 | Inter corporate deposits given | | |
| | • L&T Finance Limited | 7,42,103.00 | - |
| | • L&T Infrastructure Finance Company Limited | 4,22,465.49 | 2,70,135.00 |
| | • L&T Capital Markets Limited | 1,652.00 | - |
| | • L&T Access Distribution Services Limited | - | 580.75 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | - | 7,65,606.10 |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 39,268.14 | 38,179.82 |
| | • L&T Housing Finance Limited | 2,34,006.59 | 1,84,325.00 |
| 3 | Professional fees expense | | |
| | • Larsen & Toubro Limited | 3.82 | 3.58 |
| 4 | Rent and maintenance expenditure | | |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 137.08 | 75.30 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | - | 7.53 |
| 5 | Reimbursement of expense to | | |
| | • Larsen & Toubro Limited | 8.44 | 16.47 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | - | 8.94 |
| | • L&T Electromech LLC | 0.15 | - |

Notes forming part of the Financial Statements for the year ended March 31, 2018

| | | (₹ in lakh) | |
|-----------|---|-------------|----------|
| Sr. No. | Nature of Transactions | 2017-18 | 2016-17 |
| 6 | Interest income on NCD | | |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | - | 50.86 |
| 7 | Reimbursement of expense from | | |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 8.43 | - |
| | • L&T Infrastructure Finance Company Limited | 8.43 | - |
| | • L&T Investment Management Limited | 8.43 | - |
| | • L&T Housing Finance Limited | 8.43 | - |
| | • L&T Capital Markets Limited | 8.43 | - |
| 8 | ESOP charges recovered | | |
| | • L&T Investment Management Limited | 567.66 | - |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 427.22 | 8.29 |
| 9 | Interest income on inter corporate deposit | | |
| | • L&T Infrastructure Finance Company Limited | 670.86 | 334.31 |
| | • L&T Capital Markets Limited | 3.48 | - |
| | • L&T Access Distribution Services Limited | - | 69.51 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 3,129.05 | 2,149.46 |
| | • L&T Housing Finance Limited | 285.55 | 597.92 |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 3,211.92 | 1,922.32 |
| 10 | Management fees income | | |
| | • L&T Infra Debt Fund Limited | 33.00 | - |
| | • L&T Infrastructure Finance Company Limited | 196.00 | 434.00 |
| | • L&T Investment Management Limited | 65.00 | - |
| | • L&T Capital Markets Limited | 33.00 | - |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 262.00 | 497.00 |
| | • L&T Housing Finance Limited | 65.00 | 127.00 |
| | • L&T General Insurance Company Limited | - | 102.00 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

| | | (₹ in lakh) | |
|-----------|---|-------------|-----------|
| Sr. No. | Nature of Transactions | 2017-18 | 2016-17 |
| 11 | Dividend income | | |
| | • L&T Housing Finance Limited | 17,343.68 | 14,033.20 |
| | • L&T Infrastructure Finance Company Limited | 15,154.68 | 8,600.00 |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 5,203.12 | - |
| 12 | Deputation cost recovered | | |
| | • L&T General Insurance Company Limited | - | 165.00 |
| 13 | Subscription to equity shares of the company by | | |
| | • Larsen & Toubro Limited | 200,000.00 | - |
| 14 | Managerial remuneration # | | |
| | • Mr. Dinanath Dubhashi | 820.60 | 566.87 |
| | • Mr. Y.M. Deosthalee | - | 158.36 |

Managerial Remuneration disclosed above is on accrual basis. It excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

Note: The above figures are exclusive of service tax / GST.

c. Amount due to/from related parties:

| | | (₹ in lakh) | |
|----------|---|-------------------------|-------------------------|
| Sr. No. | Nature of Transactions | As at March 31, 2018 | As at March 31, 2017 |
| 1 | Receivable from/ (payable to) | | |
| | • L&T Investment Management Limited | 341.81 | - |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 198.70 | (2.89) |
| | • L&T Housing Finance Limited | - | 33.34 |
| | • Larsen & Toubro Limited | (2.15) | 6.87 |
| 2 | Interest accrued but not due on inter corporate deposit given | | |
| | • L&T Housing Finance Limited | 0.98 | - |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 1,320.30 | 463.36 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 119.89 | 27.43 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

| | | (₹ in lakh) | |
|----------|---|-------------------------|-------------------------|
| Sr. No. | Nature of Transactions | As at March 31, 2018 | As at March 31, 2017 |
| 3 | Outstanding balance of inter corporate deposits | | |
| | • L&T Housing Finance Limited | 1,500.00 | - |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 32,934.27 | 38,179.82 |
| | • L&T Finance Limited (erstwhile known as Family Credit Limited) | 65,934.00 | 20,091.00 |
| 4 | Security deposit given to | | |
| | • L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited) | 30.63 | 30.63 |
| 5 | Dividend receivable | | |
| | • L&T Infrastructure Finance Company Limited | 15,145.68 | 8,600.00 |
| | • L&T Housing Finance Limited | 7,226.45 | - |

22.5 Earnings Per Share: Accounting Standard - 20

| Particulars | | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|--------------------------------|---|---|---|
| Basic | | | |
| | Profit after tax (₹ in lakh) | 36,783.83 | 24,866.17 |
| | Less: Dividend on cumulative compulsorily redeemable preference shares (including dividend distribution tax of ₹ Nil) | 9,306.55 | 12,443.41 |
| | Profit attributable to equity shareholders (₹ in lakh) A | 27,477.28 | 12,422.76 |
| Number of equity shares | | | |
| | Weighted average number of equity shares outstanding B | 1,822,419,741 | 1,754,486,014 |
| | Basic EPS before and after extraordinary items (₹) A/B | 1.51 | 0.71 |
| Diluted | | | |
| | Profit after tax (after deducting proposed preference dividend) (₹ in lakh) A | 27,477.28 | 12,422.76 |
| | Weighted average number of equity shares outstanding B | 1,822,419,741 | 1,754,486,014 |
| | Add: Weighted average no. of potential equity shares on account of employee stock options and share warrants C | 17,613,844 | 24,404,228 |
| | Weighted average number of shares outstanding for diluted EPS D=B+C | 1,842,033,585 | 1,778,890,242 |
| | Diluted EPS before and after extraordinary items (₹) A/D | 1.49 | 0.70 |
| | Face value of shares (₹) | 10.00 | 10.00 |

22.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018. This information is given in respect of such vendors as could be identified as "Micro/Medium/Small Enterprises" on the basis of information available with the Company.

Notes forming part of the Financial Statements for the year ended March 31, 2018

22.7 Expenditure in foreign currency: (₹ in Lakh)

| Sr. No. | Nature of Transactions | 2017-18 | 2016-17 |
|---------|--|---------|---------|
| 1 | Professional and other fees (including reimbursement) | 134.82 | 462.50 |
| 2 | Directors sitting fees and commission (including reimbursements) | 12.00 | 23.39 |

22.8 Contingent Liabilities (₹ in Lakh)

| Particulars | 2017-18 | 2016-17 |
|------------------------------|---------|---------|
| Income tax matter in dispute | Nil | 451.00 |

22.9 During the year, the Company has allotted 5,271,508 equity shares of ₹ 10 each fully paid up, on exercise of options by employees, in accordance with the Company's stock option schemes.

22.10 The Board of Directors have recommended a final dividend of ₹ 1 per Equity Share of ₹ 10 each (Previous year ₹ 0.80 per share) subject to approval of shareholders in forthcoming Annual General Meeting.

22.11 During the year, the Company has paid interim dividend of ₹ 8,891.19 lakh on cumulative compulsorily redeemable preference shares of ₹ 100 each fully paid and redeemed cumulative compulsory redeemable preference shares (CRPS) amounting ₹ 17,900.00 lakh and paid dividend of ₹ 415.36 lakh on these shares.

22.12 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2018.

22.13 The Company has obtained the Certificate of Registration from the RBI as a Non-Banking Financial Institution - Core Investment Company (NBFC-CIC) on September 11, 2013 under Section 45-IA of the Reserve Bank of India Act, 1934.

22.14 Disclosures regarded to exposure to real estate sector and maturity pattern of assets and liabilities as required by RBI as per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

1) Exposure to Real Estate Sector

| Category | 2017-18 | 2016-17 |
|--|---------|---------|
| a) Direct exposure | | |
| (i) Residential Mortgages – Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately) | Nil | Nil |
| (ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | Nil | Nil |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures - | | |
| a. Residential | Nil | Nil |
| b. Commercial Real Estate | | |

Notes forming part of the Financial Statements for the year ended March 31, 2018

22.14 Disclosures regarded to exposure to real estate sector and maturity pattern of assets and liabilities as required by RBI as per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17 (continued)

| | | (₹ in lakh) | |
|--|--|-------------|---------|
| Category | | 2017-18 | 2016-17 |
| b) Indirect exposure | | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs). | | Nil | Nil |

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2018

| | | | | | | | | | | (₹ in lakh) |
|-----------------------|---------------------------------|----------------------------|-----------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|-------|-------------|
| Particulars | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total | |
| Liabilities: | | | | | | | | | | |
| Borrowings from banks | 496.06 | - | - | - | - | - | - | - | - | 496.06 |
| Market Borrowings | - | - | 40,000.00 | - | - | - | - | - | - | 40,000.00 |
| Assets: | | | | | | | | | | |
| Advances | - | 16,886.10 | 626.98 | 2,166.59 | 80,688.60 | - | - | - | - | 100,368.27 |
| Investments | - | - | - | - | - | - | 784,038.71 | - | - | 784,038.71 |

As at March 31, 2017

| | | | | | | | | | | (₹ in lakh) |
|-----------------------|---------------------------------|----------------------------|-----------------------------|---------------------------|-------------------------|------------------------|-------------------------|--------------|-------|-------------|
| Particulars | 1 day to 30/31 days (one month) | Over one month to 2 months | Over 2 months upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 years to 5 years | Over 5 years | Total | |
| Liabilities: | | | | | | | | | | |
| Borrowings from banks | 493.55 | - | - | - | - | - | - | - | - | 493.55 |
| Market Borrowings | - | 57,500.00 | - | - | 40,000.00 | - | - | - | - | 97,500.00 |
| Assets: | | | | | | | | | | |
| Advances | 3,162.00 | 19,364.31 | 280.00 | 2,456.51 | 33,008.00 | - | - | - | - | 58,270.82 |
| Investments | 27,013.92 | - | - | - | - | - | 537,403.38 | - | - | 564,417.30 |

22.15 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company as required in terms of paragraph 21 of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

Notes forming part of the Financial Statements for the year ended March 31, 2018

Liability Side:

1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ in lakh)

| Particular | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|----------------|----------------------|----------------|
| | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| (a) Debentures: | | | | |
| - Secured | | | | |
| - Unsecured | | | | |
| (Other than falling within the meaning of Public Deposits) | - | - | - | - |
| (b) Deferred Credits | - | - | - | - |
| (c) Term Loans | - | - | - | - |
| (d) Inter-Corporate Loans and borrowings | 46,373.50 | - | 42,905.48 | - |
| (e) Commercial Paper (net of unexpired discount charges) | - | - | 56,896.59 | - |
| (f) Other Loans (Cash Credit) | 496.06 | - | 493.55 | - |

Asset Side:

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

(₹ in lakh)

| Particular | As at March 31, 2018 | As at March 31, 2017 |
|---------------|----------------------|----------------------|
| | Amount Outstanding | Amount Outstanding |
| (a) Secured | - | - |
| (b) Unsecured | 100,368.27 | 58,270.82 |

3. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

(₹ in lakh)

| Particular | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| | Amount Outstanding | Amount Outstanding |
| (i) Lease assets including lease rentals under sundry debtors: | | |
| (a) Financial Lease | | |
| (b) Operating Lease | Nil | Nil |
| (ii) Stock on hire including hire charges under sundry debtors | | |
| (a) Assets on Hire | | |
| (b) Repossessed Assets | Nil | Nil |
| (iii) Other loans counting towards AFC activities | | |
| (a) Loans where assets have been repossessed | | |
| (b) Loans other than (a) above | Nil | Nil |

Notes forming part of the Financial Statements for the year ended March 31, 2018

Break-up of Investments

| Particulars | (₹ in lakh) | |
|--|----------------------|----------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| | Amount Outstanding | Amount Outstanding |
| Current investments | | |
| 1. Quoted | | |
| (i) Shares: (a) Equity | | |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| 2. Unquoted: | | |
| (j) Shares : (a) Equity | | |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | 27,013.92 |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| Long term investments | | |
| 1. Quoted | | |
| (i) Shares : (a) Equity | | |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| 2. Unquoted: | | |
| (i) Shares : (a) Equity | 784,038.71 | 537,403.38 |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of Mutual Funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) Sec deposits & share application money | - | - |

Notes forming part of the Financial Statements for the year ended March 31, 2018

4. Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in lakh)

| Particular | As at March 31, 2018 | | | As at March 31, 2017 | | |
|---------------------------------|----------------------|-------------------|-------------------|----------------------|------------------|------------------|
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | | | | | | |
| (a) Subsidiaries | - | 100,368.27 | 100,368.27 | - | 58,270.82 | 58,270.82 |
| (b) Companies in the same group | - | - | - | - | - | - |
| (c) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | - | - | - | - | - | - |
| Total | - | 100,368.27 | 100,368.27 | - | 58,270.82 | 58,270.82 |

5. Investor group-wise classification of all investments (Current and Non current) in shares and securities (both quoted and unquoted):

(₹ in lakh)

| Particular | As at March 31, 2018 | | As at March 31, 2017 | |
|---------------------------------|--|--------------------------------|--|--------------------------------|
| | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| (a) Subsidiaries | 784,038.71 | 784,038.71 | 537,403.38 | 537,403.38 |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | - | - | 27,013.92 | 27,013.92 |
| Total | 784,038.71 | 784,038.71 | 564,417.30 | 564,417.30 |

6. Other Information

(₹ in lakh)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| | Amount | Amount |
| (i) Gross Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | - | - |
| (ii) Net Non-Performing Assets | | |
| (a) Related parties | - | - |
| (b) Other than related parties | - | - |
| (iii) Assets acquired in satisfaction of debt | - | - |

Notes forming part of the Financial Statements for the year ended March 31, 2018

22.16 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company as required in terms of paragraph 70 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 notified on September 01, 2016 vide RBI/DNBR/2016-17/45 & Master Direction DNBR. PD. 008/03.10.119/2016-17.

1) Investments:

| Sr No. | Particulars | (₹ in lakh) | |
|-----------|--|----------------------|----------------------|
| | | As at March 31, 2018 | As at March 31, 2017 |
| 1. | Value of Investments | | |
| (i) | Gross Value of Investments | | |
| (a) | In India | 784,038.71 | 564,435.91 |
| (b) | Outside India | - | - |
| (ii) | Provisions for Depreciation | | |
| (a) | In India | - | 18.61 |
| (b) | Outside India | - | - |
| (iii) | Net Value of Investments | | |
| (a) | In India | 784,038.71 | 564,417.30 |
| (b) | Outside India | - | - |
| 2. | Movement of provisions held towards depreciation on investments | | |
| (i) | Opening balance | 18.61 | - |
| (ii) | Add: Provisions made during the year | - | 18.61 |
| (iii) | Less: Write -off/write back of excess provisions during the year | (18.61) | - |
| (iv) | Closing balance | - | 18.61 |

2) Derivatives:

- I) Forward Rate Agreement / Interest Rate Swap:** The Company has not traded in Forward Rate Agreement/ Interest Rate Derivative during the financial year ended March 31, 2018 (Previous year: Nil)
- II) Exchange Traded Interest Rate (IR) Derivatives:** The Company has not traded in Exchange Traded Interest Rate (IR) Derivative during the financial year ended March 31, 2018 (Previous year: Nil)
- 3) Securitization:** No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2018 (Previous year: Nil)
- 4) Asset Liability Management Maturity Pattern:** Refer note no. 22.14 -2) for details of Asset Liability Management Maturity Pattern

Notes forming part of the Financial Statements for the year ended March 31, 2018

5) Exposures:

- I) **Exposures to Real Estate Sector:** Refer note no. 22.14 -1) for details of exposures to Real Estate Sector
- II) **Exposures to Capital Markets:** None
- III) **Details of financing of parent company products:** None
- IV) **The particulars of unsecured advances net off provision are given below:**

| Particulars | (₹ in lakh) | |
|----------------------|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Intercompany Deposit | 100,368.27 | 58,270.82 |

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:**

| Instrument | 2017-18 | | | 2016-17 | |
|----------------------------|------------------|-------------------------|-------------------|-------------------------|-------------------|
| | INDIA RATINGS | CARE | ICRA | CARE | ICRA |
| Non-Convertible Debentures | IND AAA (Stable) | CARE AAA (Stable) | ICRA AA+ (Stable) | CARE AA+ (Stable) | ICRA AA+ (Stable) |
| CRPS | - | CARE AAA (RPS) (Stable) | - | CARE AA+ (RPS) (Stable) | - |
| Commercial Paper | IND A1+ | CARE A1+ | ICRA A1+ | CARE A1+ | - |

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

7) Provisions and Contingencies:

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

| Particulars | (₹ in lakh) | |
|---|-------------|----------|
| | 2017-18 | 2016-17 |
| Provisions for depreciation on investment | Nil | 18.61 |
| Provision towards non-performing assets | Nil | Nil |
| Provision made towards Income tax (shown below profit before tax) | | |
| Current tax | 700.58 | 512.25 |
| MAT credit entitlement | Nil | (835.87) |
| Deferred tax | 739.00 | (31.82) |
| Short provision relating to earlier years | 1,244.94 | Nil |
| Other provision and contingencies | | |
| Provision for standard assets | 197.52 | 115.64 |

Notes forming part of the Financial Statements for the year ended March 31, 2018

8) Concentration of Advances and NPAs:

I) Concentration of Advances:

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Total Inter corporate deposit to twenty largest borrowers | 100,368.27 | 58,270.82 |
| Percentage of advances to twenty largest borrowers to total advances of the company | 100% | 100% |

II) Concentration of NPAs:

| Particulars | (₹ in lakh) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2018 | As at March 31, 2017 |
| Total Exposure to top four NPA accounts | Nil | Nil |

9) Disclosure of customer complaints:

| Particulars | 2017-18 | 2016-17 |
|--|---------|---------|
| (i) No. of complaints pending at the beginning of the year | Nil | Nil |
| (ii) No. of complaints received during the year | Nil | Nil |
| (iii) No. of complaints redressed during the year | Nil | Nil |
| (iv) No. of complaints pending at the end of the year | Nil | Nil |

22.17 Corporate social responsibility expenditure:

| Particulars | (₹ in lakh) | |
|--|-------------|---------|
| | 2017-18 | 2016-17 |
| (a) Gross amount required to be spent by the Company during the year | 59.79 | 35.25 |
| (b) Amount spent in cash during the year on: | | |
| (i) Constructions/acquisition of any asset | - | - |
| (ii) On purpose other than (i) above | 59.79 | 35.25 |

22.18 Previous year figures have been regrouped/ reclassified wherever necessary to correspond with current year's classification/disclosure.

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

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

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

Apurva Rathod
Company Secretary

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 3, 2018