

Notice of the Sixth Annual General Meeting

Notice is hereby given that the **Sixth Annual General Meeting** of the Members of L&T Finance Holdings Limited will be held on **Thursday, July 24, 2014** at 3.00 p.m. at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2014 and Statement of Profit and Loss for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To re-appoint M/s. Sharp & Tannan, Chartered Accountants, Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

Special Business:

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Harsh Mariwala, (DIN: 00210342), who was appointed as an Additional Director of the Company and whose term of office expires at this Annual General Meeting and who has offered himself for appointment as Independent Director and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013, proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to March 31, 2019."

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. B. V. Bhargava, Director (DIN: 00001823), whose period of office is liable to determination by retirement of directors by rotation and who has offered himself for appointment as Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to March 31, 2019."

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shailesh V. Haribhakti, Director (DIN: 00007347), whose period of office is liable to determination by retirement of directors by rotation and who has offered himself for appointment as Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to March 31, 2019."

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. P. V. Bhide, Director (DIN: 03304262), whose period of office is liable to determination by retirement of directors by rotation and who has offered himself for appointment as Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to March 31, 2019."

8. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the

Companies Act, 2013, Ms. Kamakshi Rao, Director (DIN: 03631768), whose period of office is liable to determination by retirement of directors by rotation and who has offered herself for appointment as Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to March 31, 2019."

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 23, 42, 71 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and in accordance with the provisions of Securities and Exchange Board of India (Issue & Listing of Debt Securities) Regulations, 2008, the Rules, Regulations, Guidelines and Circulars, as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be required from regulatory authorities from time to time, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof) to offer, issue and allot, in one or more tranches Secured or Unsecured Non-Convertible Debentures/Bonds, on private placement basis during the Financial Year 2014-15, for an amount not exceeding Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) on such terms and conditions and at such times at par or at such premium, as may be decided by the Board to such person or persons, including one or more companies, bodies corporate(s), statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension/provident funds and individuals, as the case may be or to such other person/persons as the Board may decide so, however that the aggregate amount of funds to be raised by issue of Non-Convertible Debentures/Bonds shall not exceed Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

10. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 23, 40, 42, 62 and any other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, if applicable, the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, as amended from time to time (the "SEBI Regulations"), the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, any other applicable laws for the time being in force and such approvals as may be required from such authorities from time to time, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof) to create, offer, issue and allot, in one or more tranches, 10,00,00,000 Cumulative Non-Convertible Redeemable Preference Shares of the face value of Rs. 100/- each for cash at par or at a premium (hereinafter referred to as "Preference Shares") aggregating to a nominal value of Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) either to various persons through Public Offer or on Private Placement basis, in one or more tranches to various institutions/entities viz. company(s)/body corporate(s)/persons including Promoters / Promoter Group & Associates, whether or not they are Member(s) of the Company on such terms and conditions as may be decided by the Board and subject to the following rights:

- The Preference Shares shall carry a fixed cumulative preference dividend to be determined by the Board of Directors at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon and shall be redeemable not later than the date determined by the Board of Directors at the time of issue or such other date as may be determined by the Board but not later than a period exceeding twenty years.
- The said shares shall rank for dividend in priority to the equity shares for the time being of the Company.
- The said shares shall in winding up be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the equity shares but shall not be entitled to any further participation in profits or assets.

- The voting rights of the persons holding the said shares shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force).

RESOLVED FURTHER THAT the Board be and is hereby authorised to make arrangements with any financial institution / bank or any other body or person to underwrite the whole or any part of the issue of the said Preference Shares, subject to the provisions of Section 40(6) of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

11. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof), the consent of the Company be and is hereby accorded to the Board to revise, effective from July 1, 2014, the terms of appointment/remuneration of Mr. Y. M. Deosthalee, Chairman & Managing Director of the Company, as explained in the Statement annexed to the Notice of the Meeting in terms of Section 102 of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

12. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act, and subject to such approvals, consents, permissions and sanctions of appropriate and/or concerned authorities, and subject to such other conditions and modifications, as may be prescribed, imposed or suggested by any of appropriate and/or concerned authorities while granting such approvals, consents, permissions and sanctions, and as are agreed to by the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted committee(s) thereof), consent of the Company be and is hereby accorded to the Board to revise, effective from July 1, 2014, the terms of appointment/remuneration of Mr. N. Sivaraman, President & Whole-time Director of the Company as explained in the Statement annexed to the Notice of the Meeting in terms of Section 102 of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

**By Order of the Board of Directors
For L&T Finance Holdings Limited**

**Sd/-
N. Suryanarayanan
Company Secretary**

Date: June 20, 2014

Place: Mumbai

Registered Office: L&T House, Ballard Estate, Mumbai - 400 001

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. The instrument appointing a

proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

2. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Members are informed that the Company is pleased to offer e-Voting facility as an alternative mode to voting at the Meeting. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-Voting. e-Voting is optional and Members shall have the option to vote either through e-Voting or in person at the Annual General Meeting. The detailed procedure is mentioned below. For the aforesaid purpose, the Company has appointed Mr. S. N. Anathasubramanian, Practising Company Secretary or failing him Ms. Malati Kumar, Practising Company Secretary as scrutinizer for scrutinizing e-Voting process in a fair and transparent manner.
3. The Statement as required under Section 102 of the Companies Act, 2013 is annexed to the Notice.
4. The Members are requested to bring their copy of the Annual Report to the Meeting.
5. The Members/Proxies should fill the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Members who hold shares in electronic form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number, in the attendance slip for attending the Meeting.
8. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
9. The Members who still hold share certificate(s) in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialisation, which include easy liquidity, since trading is permitted in dematerialised form only, electronic transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
10. The Register of Members and Share Transfer Books will remain closed from Tuesday, July 22, 2014 to Thursday, July 24, 2014 (both days inclusive).
11. If the dividend as recommended by the Board of Directors is approved at the Annual General Meeting, payment of such dividend will be made on or before August 22, 2014:
 - a) to all the Members in respect of shares held in physical form whose names appear on the Company's Register of Members after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Monday, July 21, 2014; and
 - b) to all Beneficial Owners in respect of shares held in electronic form whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Monday, July 21, 2014.
12. The facility of electronic credit of dividend directly to the respective bank accounts of the Members through Electronic Clearing Service (ECS) is arranged by the Company. This facility is currently available at the locations specified by RBI. This facility is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on the dividend warrants. The Members who would like to avail of the ECS Mandate Facility or the Bank Mandate Facility (if not done earlier) are requested to complete and submit the ECS Mandate Form to the Company/Registrar and Share Transfer Agent (for shares held in physical form) or their Depository Participants (for shares held in electronic form) latest by Monday, July 10, 2014.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar and Share Transfer Agent.
14. Brief profile of the Director retiring by rotation and eligible for re-appointment and Director proposed to be appointed, as required under Clause 49 of the Equity Listing Agreement entered into with the Stock Exchanges is annexed to the Notice.
15. The Annual Report of the Company, circulated to the Members of the Company, will also be made available on the Company's website i.e. www.ltfinanceholdings.com.
16. Electronic copy of the Annual Report for 2014 is being sent to all the Members whose e-mail ids are registered with the Company/Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For the Members who have not registered their e-mail address, physical copies of the Annual Report for 2014 is being sent in the permitted mode. Rule 18(3)(i) of the Companies (Management and Administration) Rules, 2014 requires a Company to provide advance opportunity atleast once in a financial year, to the Member to register his e-mail address and any changes therein. In compliance with the same, we request the Members who do not have their e-mail id registered with the Company to get the same

registered with the Company. Members are also requested to intimate to the Company the changes, if any in their e-mail address.

17. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all the working days, except Saturdays, Sundays and holidays, between 11.00 a.m. and 1.00 p.m., up to the date of the Annual General Meeting.
18. Investor Grievance Redressal: The Company has designated an exclusive e-mail id i.e. igrc@ltfinanceholdings.com to enable investors to register their complaints, if any.
19. **Note for Preference Shareholders:** A Member holding preference shares is entitled to attend the Meeting and vote only on the resolution(s) which directly affects his rights.

Procedure for voting through electronic means

1) In case of Members receiving a electronic copy:

The Company is pleased to offer e-Voting facility for its Members to enable them to cast their votes electronically. The procedure and instructions for the same are as follows:

- (i) Log on to the e-Voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Then, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT".
- (iv) After that Enter your User ID:
 - a. For CDSL: 16 digits beneficiary ID;
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID; and
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth (DOB) as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or folio in the Company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) The Members holding shares in physical form will then reach directly the Company selection screen. However, the Members holding shares in demat form will then reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For the Members holding shares in physical form, the details can be used only for e-Voting on the resolutions contained in the Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option "YES" or "NO" as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

2) In case of Members receiving a physical copy:

- (i) Please follow all steps from Sr. No. (i) to Sr. No. (xvii) above to cast vote.

3) General Instructions:

- (i) The e-Voting period commences on Friday, July 18, 2014 from 9.30 A.M. and ends on Sunday, July 20, 2014 at 6.00 p.m. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) In case you have any queries or issues regarding e-Voting, you may refer the Frequently Asked Questions ("FAQs") and e-Voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO THE NOTICE

(The Statement under Section 102 of the Companies Act, 2013)

ITEM NO. 4

Mr. Harsh Mariwala, was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on October 23, 2013 in accordance with the provisions of Section 161 of the Companies Act, 2013 ("the Act"). He holds office as a Director up to the date of the forthcoming Annual General Meeting. Pursuant to the coming into force of Section 149 of the Companies Act, 2013 ('the Act') from April 1, 2014, the Company has re-assessed the status of its directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Act. Accordingly, Mr. Mariwala fulfils the criteria laid out in Section 149(6) of the Act in this regard. Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. In compliance with Section 149 of the Act, it is proposed to appoint Mr. Harsh Mariwala as an Independent Director of the Company to hold office for a term up to March 31, 2019.

The Company has received a notice in writing from a Member of the Company along with the deposit of Rs. 100,000/- in accordance with Section 160 of the Act proposing the candidature of Mr. Mariwala for the office of Director.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Mariwala and accordingly recommends the Ordinary Resolution set forth in Item No. 4 of the Notice for approval of the Members.

In the opinion of the Board, Mr. Mariwala fulfils the conditions specified in the Act and the Equity Listing Agreement and he is independent of the management.

Save and except Mr. Mariwala, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 5

Mr. B. V. Bhargava, was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on September 25, 2010. He was subsequently appointed by the Members at their Annual General Meeting held on

June 30, 2011 in accordance with the erstwhile provisions of Section 257 of the Companies Act, 1956. Pursuant to the coming into force of Section 149 of the Companies Act, 2013 ("the Act") from April 1, 2014, the Company has re-assessed the status of its directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Act. Accordingly, Mr. B. V. Bhargava fulfils the criteria laid out in Section 149(6) of the Act in this regard. Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. In compliance with the provisions of Section 149 of the Act, it is proposed to appoint Mr. B. V. Bhargava as an Independent Director of the Company to hold office for a term up to March 31, 2019.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Bhargava and accordingly recommends the Ordinary Resolution set forth in Item No. 5 of the Notice for approval of the Members.

In the opinion of the Board, Mr. Bhargava fulfils the conditions specified in the Act and the Equity Listing Agreement and he is independent of the management.

Save and except Mr. Bhargava, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 6

Mr. Shailesh V. Haribhakti, was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on September 25, 2010. He was subsequently appointed by the Members at their Annual General Meeting held on June 30, 2011 in accordance with the erstwhile provisions of Section 257 of the Companies Act, 1956. Pursuant to the coming into force of Section 149 of the Companies Act, 2013 ("the Act") from April 1, 2014, the Company has re-assessed the status of its directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Act. Accordingly, Mr. Haribhakti fulfils the criteria laid out in Section 149(6) of the Act in this regard. Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. In compliance with the provisions of Section 149 of the Act, it is proposed to appoint Mr. Shailesh V. Haribhakti as an Independent Director of the Company to hold office for a term up to March 31, 2019.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Haribhakti and accordingly recommends the Ordinary Resolution set forth in Item No. 6 of the Notice for approval of the Members.

In the opinion of the Board, Mr. Haribhakti fulfils the conditions specified in the Act and the Equity Listing Agreement and he is independent of the management.

Save and except Mr. Haribhakti, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 7

Mr. P. V. Bhide, was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on March 22, 2011. He was subsequently appointed by the Members at their Annual General Meeting held on June 30, 2011 in accordance with the erstwhile provisions of Section 257 of the Companies Act, 1956. Pursuant to the coming into force of Section 149 of the Companies Act, 2013 ("the Act") from April 1, 2014, the Company has re-assessed the status of its directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Act. Accordingly, Mr. Bhide fulfils the criteria laid out in Section 149(6) of the Act in this regard. Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. In compliance with the provisions of Section 149 of the Act, it is proposed to appoint Mr. P. V. Bhide as an Independent Director of the Company to hold office for a term up to March 31, 2019.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Bhide and accordingly recommends the Ordinary Resolution set forth in Item No. 7 of the Notice for approval of the Members.

In the opinion of the Board, Mr. Bhide fulfils the conditions specified in the Act and the Equity Listing Agreement and he is independent of the management.

Save and except Mr. Bhide, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 8

Ms. Kamakshi Rao, was appointed as an Additional Director of the Company on October 1, 2011. She was subsequently appointed by the Members at their Annual General Meeting held on August 9, 2012 in accordance with the erstwhile provisions of Section 257 of the Companies Act, 1956. Pursuant to the coming into force of Section 149 of the Companies Act, 2013 ("the Act") from April 1, 2014, the Company has re-assessed the status of its directors with a view to determining their qualifying for classification as Independent Directors in terms of

Section 149(6) of the Act. Accordingly, Ms. Rao fulfils the criteria laid out in Section 149(6) of the Act in this regard. Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. In compliance with the provisions of Section 149 of the Act, it is proposed to appoint Ms. Kamakshi Rao as an Independent Director of the Company to hold office for a term up to March 31, 2019.

The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Ms. Rao and accordingly recommends the Ordinary Resolution set forth in Item No. 8 of the Notice for approval of the Members.

In the opinion of the Board, Ms. Rao fulfils the conditions specified in the Act and the Equity Listing Agreement and she is independent of the management.

Save and except Ms. Rao, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 9

To augment the long term resources and in order to meet the working capital and normal capex requirements of the Company and its subsidiaries companies, the Board of Directors of the Company at its meeting held on April 23, 2014 has, subject to the approval of Members in the Annual General Meeting, proposed to issue Non-Convertible Debentures/Bonds to various person(s), as the case may be, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, if any and as may be finalized by the Board of Directors. The amount to be raised by way of issue of debentures/bonds on a private placement basis, however shall not exceed Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) in aggregate.

Further, Rule 14(2) of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 42 of the Companies Act, 2013, allows a company to pass Special Resolution once in a year for all the offer or invitation for Non-Convertible Debentures to be made during the year through a private placement basis in one or more tranches.

Consent of the Members is therefore sought in connection with the aforesaid issue of debentures/bonds and they are requested to authorise the Board (including any Committee of the Board) to issue debentures/bonds up to Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) from time to time for a period of one year in one or more tranches, as the case may be.

The Board recommends the Special Resolution set forth in Item No. 9 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 10

With the steady growth in LTFS group's operations, the subsidiaries of the Company will require regular infusion of equity and Tier I or Tier II debt and being the holding company, the Company would need to raise funds for such infusion. The Company would also need funds for its operations.

In connection with the above, approval of the Members is sought for the issue of Preference Shares. The Preference Shares may be issued either by way of a public offer or on a private placement basis in one or more tranches to various institutions/entities viz. company(s)/body corporate(s)/persons including Promoters/ Promoter Group & Associates, whether or not they are Member(s) of the Company, considering the viable options available. The said enabling Resolution empowers the Board to create, offer, issue and allot 10,00,00,000 Cumulative Non-Convertible Redeemable Preference Shares of the face value of Rs. 100/- each for cash at par or premium and on such terms and conditions including but not limited as to the rate of dividend, period and manner of redemption, amount of premium, if any, as the Board in its absolute discretion may determine, provided the aggregate amount up to which the Preference Shares shall be issued shall not exceed Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only). The Board shall also be authorised to approve any modification, alteration and re-setting of all or any of the terms and conditions of the Preference Shares from time-to-time in consultation and agreement with the subscribers/ holders of Preference Shares. The terms and conditions of the Preference Shares shall however be subject to provisions of the Companies Act, 2013 or any modification/ re-enactment thereof and the Memorandum and Articles of Association of the Company.

The Members are informed that the Company had on April 4, 2014 obtained the approval of Members by way of a Special Resolution through Postal Ballot for issue of Cumulative Non-Convertible Redeemable Preference Shares aggregating Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) on private placement basis pursuant to the provisions of Section 80 and Section 81 (1A) of the Companies Act, 1956. Since the Companies Act, 2013 has been notified with effect from April 1, 2014 and considering the intention of the Company to issue Preference Shares either by way of a public offer or to various aforementioned entities on private placement basis, depending upon the market conditions, it is thought pertinent to seek again the approval of the Members for the issue of Preference Shares.

As required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014, the material facts in connection with the aforesaid issue of Preference Shares are as follows:

(a)	Size of the issue and number of preference shares to be issued and nominal value of each share	The Company proposes to create, offer, issue and allot Preference Shares for cash at par or at a premium either by way of a public offer or to various entities/persons including Promoters/Promoter Group & Associates, whether or not they are Member(s) of the Company on a private placement basis.												
(b)	Nature of such shares i.e. cumulative or non - cumulative, participating or non - participating, convertible or non - convertible	Cumulative, Non-participating and Non-Convertible.												
(c)	Objectives of the issue	To maintain adequate working capital as may be required for funding the operations of the Company and that of its subsidiaries.												
(d)	Manner of issue of shares	Public Offer/Private Placement.												
(e)	Price at which such shares are proposed to be issued	At par or at premium.												
(f)	Basis on which the price has been arrived at	While the issuances would generally be made at par, in case the issuance is made at premium, the same would be at a price determined on the basis of valuation by a registered valuer in accordance with applicable rules.												
(g)	Terms of issue, including terms and rate of dividend on each share, etc.	The tenor shall be for a period not exceeding 7 (Seven) years. The issuances would be subject to conditions of money market, appetite of the investors, prevalent tax regulations, credit rating of the instrument etc, and the rate of dividend would be linked to the returns provided by similar instruments.												
(h)	Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	Tenure of redemption would be based on cash flow forecasts of the Company which in turn would be linked to ongoing performance of its subsidiaries and the growth opportunities.												
(j)	Manner and modes of redemption	Out of profit and/or out of fresh issue of capital.												
(j)	Current shareholding pattern of the Company	<p>Equity Shareholding Pattern as on March 31, 2014*:</p> <table border="1"> <thead> <tr> <th>Category</th><th>No. of Shares</th><th>% to Equity Capital</th></tr> </thead> <tbody> <tr> <td>Promoter</td><td>131,65,89,609</td><td>76.61</td></tr> <tr> <td>Public</td><td>40,18,59,366</td><td>23.39</td></tr> <tr> <td>Total</td><td>1,71,84,48,975</td><td>100.00</td></tr> </tbody> </table> <p>*Detailed shareholding pattern is available on the website of the Company i.e. www.ltfinanceholdings.com and is also available on the website of BSE Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nseindia.com.</p>	Category	No. of Shares	% to Equity Capital	Promoter	131,65,89,609	76.61	Public	40,18,59,366	23.39	Total	1,71,84,48,975	100.00
Category	No. of Shares	% to Equity Capital												
Promoter	131,65,89,609	76.61												
Public	40,18,59,366	23.39												
Total	1,71,84,48,975	100.00												
(k)	Expected dilution in equity share capital upon conversion of preference shares	Not applicable.												

The Members are requested to authorise the Board (including any Committee of the Board) to issue and allot such number of Preference Shares up to nominal value of Rs. 1,000,00,00,000/- (Rupees One Thousand Crore only) as stipulated above. The Board recommends the Special Resolution set forth in Item No. 10 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 11

The Members had approved the appointment of Mr. Y. M. Deosthalee as the Chairman & Managing Director (CMD) of the Company vide Postal Ballot on June 14, 2012 for a period of 5 (five) years with effect from September 6, 2011. The terms and conditions of his appointment including remuneration were also approved by the Members.

Subsequently, the Board of Directors of the Company at its meeting held on December 14, 2012 had amended the terms of remuneration, subject to the approval of the Members and other necessary approvals. The approval of Members for amending the terms of remuneration was accorded through Postal Ballot on March 12, 2013.

The managerial compensation structure presently followed by the Company was found to be skewed heavily towards Variable Pay in comparison to the structure followed by a few of its peers. Accordingly, the Board of Directors of the Company at its meeting held on June 20, 2014 has proposed to revise the compensation structure in line with the prevailing trends in the financial sector in terms of compensation packages, subject to the approval of the Members. All other terms and conditions of the appointment will remain unchanged. The revised remuneration will be subject to the overall limits as provided under Section 197 and 198 of the Companies Act, 2013 read with Schedule V and other applicable provisions, as may be applicable, of the Act.

The revised terms and conditions of appointment of Mr. Y. M. Deosthalee as the Chairman & Managing Director are as specified in the Amendment Agreement entered into with him and the following are the details of remuneration with effect from July 1, 2014:

(a) Basic Salary:

Rs. 17,00,000/- (Rupees Seventeen Lakhs only) per month in the scale of Rs. 17,00,000 - 1,60,000 - 25,00,000 with the annual increment due on August 1 every year.

(b) Variable Remuneration:

In the range of up to Rs. 2,25,00,000 - 3,50,00,000 per annum, based on guidelines formulated/to be formulated by the Nomination & Remuneration Committee and approved by the Board.

(c) House Rent Allowance:

Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand only) per month where free, furnished accommodation is not availed.

(d) Special Allowance:

In the scale of Rs. 10,50,000 - 1,00,000 - 15,50,000 per month with an increment due on August 1 every year.

(e) Perquisites:

- The Chairman & Managing Director shall be entitled to perquisites consisting of, inter alia, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, medical and personal accident insurance, benefits applicable to other employees, etc., in accordance with the rules of the Company.
- The aforesaid perquisites may be in the form of reimbursement or allowance but will be restricted to Rs. 18,00,000/- (Rupees Eighteen Lakhs only) per annum excluding perquisite value of free, furnished accommodation, if availed.
- For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, 1962, wherever applicable.
- The Chairman & Managing Director shall be entitled to Company's contribution to Provident Fund, benefits of Gratuity, earned leave and encashment of earned leave at the end of the tenure. These shall not be included in the computation of perquisites.
- Company car with driver (owned/leased or hired) for use on Company's business, telephone and other communication facilities at residence, will not be considered as perquisites.

(f) In the event of loss or inadequacy of profits in any financial year, the Chairman & Managing Director shall be paid remuneration by way of salary, HRA and perquisites as specified above.

The Board recommends the Ordinary Resolution set forth in Item No. 11 of the Notice for approval of the Members.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Mr. Y. M. Deosthalee pursuant to Section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any. The Agreement entered into between the Company and Mr. Y. M. Deosthalee is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, Sundays and holidays between 11.00 A.M. and 1.00 P.M., up to the date of the Annual General Meeting.

Save and except Mr. Deosthalee, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

ITEM NO. 12

The Board of Directors of the Company at its meeting held on October 25, 2010 had appointed Mr. N. Sivaraman as the President & Whole-time Director of the Company for a period of 5 (five) years commencing from October 25, 2010 up to and including October 24, 2015. The appointment was approved by the Members at their meeting held on June 30, 2011.

Subsequently, the Board of Directors of the Company at its meeting held on December 14, 2012 had amended the terms of remuneration, subject to the approval of the Members and other necessary approvals. The approval of Members for amending the terms of remuneration was accorded through Postal Ballot on March 12, 2013.

The managerial compensation structure presently followed by the Company was found to be skewed heavily towards Variable Pay in comparison to the structure followed by a few of its peers. Accordingly, the Board of Directors of the Company at its meeting held on June 20, 2014 has proposed to revise the compensation structure in line with the prevailing trends in the financial sector in terms of compensation packages, subject to the approval of Members. All other terms and conditions of the appointment will remain unchanged. The revised remuneration will be subject to the overall limits as provided under Section 197 and 198 of the Companies Act, 2013 read with Schedule V and other applicable provisions, as may be applicable of the Act.

The revised terms and conditions of appointment of Mr. N. Sivaraman as the President & Whole-time Director are as specified in the Amendment Agreement entered into with him and following are the details of remuneration with effect from July 1, 2014.

(a) Basic Salary :

Rs. 12,00,000/- (Rupees Twelve Lakhs only) per month in the scale Rs. 12,00,000 – 1,15,000 – 17,75,000 with the annual increment due on August 1 every year.

(b) Variable Remuneration :

In the range of up to Rs. 2,00,00,000 – 3,00,00,000 per annum, based on guidelines formulated/to be formulated by the Nomination & Remuneration Committee and approved by the Board.

(c) House Rent Allowance :

Rs. 1,15,000/- (Rupees One Lakh Fifteen Thousand only) per month where free, furnished accommodation is not availed.

(d) Special Allowance:

In the scale Rs. 700,000 - 70,000 - 10,50,000 per month with an increment due on August 1 every year.

(e) Perquisites :

- (i) The President & Whole-time Director shall be entitled to perquisites in the form of reimbursement or allowance but will be restricted to Rs. 7,50,000/- (Rupees Seven Lakh Fifty Thousand only) per annum excluding perquisite value of free, furnished accommodation, if availed.
- (ii) The President & Whole-time Director shall be entitled to Company's contribution to Provident Fund, Superannuation Fund, benefits of Gratuity and Pension Scheme for Senior Management Staff, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company. These shall not be included in the computation of perquisites.
- (iii) Company car with driver (owned/leased or hired) for use on Company's business, telephone and other communication facilities at residence, reimbursement of medical expenses for self and family including children up to 21 years of age as per the rules of the Company and membership of one club at Mumbai shall also not be considered as perquisites for the purpose of computing the aforesaid limit.
- (iv) For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per the Income-Tax Rules, 1962, wherever applicable.
- (v) The above perquisites will exclude value of Stock Option benefits computed as per the Income-Tax Act/Rules, tax on which will be borne by the Company.

- (f) In the event of loss or inadequacy of profits in any financial year, the President & Whole-time Director shall be paid remuneration by way of salary, HRA and perquisites as specified above.

The Board recommends the Ordinary Resolution set forth in Item No. 12 of the Notice for approval of the Members.

This may be treated as an abstract of the terms and conditions governing the variation in the payment of remuneration to Mr. N. Sivaraman pursuant to Section 190 of the Companies Act, 2013 and other applicable provisions of the Act, if any. The Agreement entered into between the Company and Mr. N. Sivaraman is available for inspection by the Members at the Registered Office of the Company on all working days except Saturdays, Sundays and holidays between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.

Save and except Mr. Sivaraman, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

Additional Information of Directors seeking re-appointment/appointment at the Sixth Annual General Meeting pursuant to Clause 49 of the Equity Listing Agreement:

Name of the Director	Mr. Harsh Mariwala	Mr. B. V. Bhargava
Date of Birth	14/05/1951	16/04/1936
Date of Appointment on the Board	23/10/2013	25/09/2010
Brief Profile	<p>Mr. Harsh Mariwala leads Marico Limited (Marico) as its Chairman. Over past three decades, Mr. Mariwala has transformed a traditional commodity driven business into a leading Consumer Products & Services company, in the Beauty and Wellness space. From a turnover of Rs. 50 Lakhs in 1971, Marico's Products and Services in Hair Care, Skin Care and Healthy Foods generated a turnover of about Rs. 4,687 Crore during 2013-14.</p> <p>Under his leadership, Marico has achieved several awards and external recognition over 100 in number of the last few years.</p> <p>Mr. Mariwala's entrepreneurial drive and passion for Innovation, enthused him to establish the Marico Innovation Foundation in 2003. Under the stewardship of an eminent Board, the Foundation acts as a catalyst to fuel innovation in India. As an expression of his Personal Social Responsibility, Mr. Mariwala launched ASCENT – Accelerating the Scaling up of Enterprises to identify growth-stage entrepreneurs with potential and enable them in their scaling-up journey.</p> <p>Mr. Mariwala was the President of Federation of Indian Chambers of Commerce and Industry (FICCI) in 2011. He has held several positions as FMCG Committee Chairman of FICCI and CII. Mr. Mariwala has been a part of Young President Organization (YPO) and now a part of World Presidents Organization (WPO). He has held the position of YPO Education, Membership and Chapter Chair for Bombay Chapter and was a member of the international forum board of YPO International.</p>	<p>Mr. B. V. Bhargava has had a distinguished career in development banking and project finance for nearly three decades. Currently, Mr. Bhargava is Director of various companies including our Company Grasim Industries Limited, J K Lakshmi Cement Limited etc. and Chairman of the Rating Committee of 'CRISIL Limited'.</p> <p>A post graduate in commerce and a law graduate from the University of Bombay, Mr. Bhargava has had varied and multifaceted experience which began with the Tariff Commission of India, where he was involved with various industries including cement, sugar and paper. His next assignment was with the Indian Investment Centre, where as Assistant Director at New York, he was closely involved with promotion of joint ventures.</p> <p>He joined ICICI in 1968 in the project appraisal department and rose to head various departments including the projects department and the Regional Office at Delhi. He retired from ICICI w.e.f. May 1, 1996 as Vice Chairman and Managing Director. At ICICI he was closely involved with ICICI's innovative efforts in developing financial instruments and mechanisms tailored to the contemporary needs of Indian industry. He was also actively involved in raising foreign currency and rupee resources for ICICI. During his tenor with ICICI he has acquired deep knowledge of Indian industry and the problems of Industrial development.</p> <p>In the telecommunications sector, Mr. Bhargava was the Chairman of the ICICI Telecom Group, a special group constituted by ICICI to advise the Government on key issues pertaining to reform of the telecommunications sector such as the creation of independent regulatory body and the entry conditions for private sector in telecom services.</p> <p>Mr. Bhargava has participated in a number of seminars on project evaluation and management and has addressed several forums on this topic. He is also on the board of various large companies including CRISIL.</p>

Directorships held in other companies (excluding Section 25 and foreign companies) as on June 20, 2014	1) Marico Limited 2) Kaya Limited 3) Hindustan Polyamides and Fibres Limited 4) Marico Kaya Enterprises Limited 5) Marico Consumer Care Limited 6) Scientific Precision Private Limited 7) Halite Personal Care India Private Limited	1) The Supreme Industries Limited 2) Grasim Industries Limited 3) J K Lakshmi Cement Limited 4) Excel Crop Care Limited 5) Grasim Bhiwani Textiles Limited 6) L&T Infrastructure Finance Company Limited
Memberships of committees across companies (includes only Audit & Shareholders'/ Investors' Grievance Committee/Stakeholders Relationship Committee)	Audit Committee: 1) Kaya Limited	Audit Committee: 1) L&T Infrastructure Finance Company Limited 2) L&T Finance Holdings Limited 3) J K Lakshmi Cement Limited 4) Grasim Industries Limited 5) Excel Crop Care Limited 6) Grasim Bhiwani Textiles Limited Shareholders'/ Investors' Grievance Committee/ Stakeholders Relationship Committee: 1) Grasim Industries Limited
Shareholding in the Company (Equity)	None	None
Relationship between directors inter-se	None	None

Name of the Director	Mr. Shailesh V. Haribhakti	Mr. P. V. Bhide
Date of Birth	12/03/1956	08/01/1950
Date of Appointment on the Board	25/09/2010	22/03/2011
Brief Profile	Mr. Shailesh V. Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services. His current passions involve Outsourcing of Knowledge Processes, Engaged Investing, and efficiency & effectiveness enhancement in Social, Commercial and Governmental organizations. He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes, and contributes towards their evolution by participating in the process of framing regulations and standards.	Mr. P. V. Bhide is a retired IAS Officer with MBA, L.L.B and B.Sc. degrees. During his career spanning about four decades, he has held various Government positions including the Secretary, Department of Revenue, Ministry of Finance; Secretary and Joint Secretary, Department of Disinvestment, Ministry of Finance; Additional Secretary/Spl. Secretary, Ministry of Home Affairs; Deputy Secretary, Department of Economic Affairs, Ministry of Finance; Mr. Bhide has also held positions as Director of Fund-Bank Division of the Department of Economic Affairs and as Advisor to India's Executive Director to the International Board for Reconstruction and Development (World Bank), Washington D.C. He was also Secretary, Department of Finance, Government of Andhra Pradesh; Secretary, Department of Energy, Government of Andhra Pradesh and Managing Director, Godavari Fertilisers and Chemicals Limited.
Directorships held in other companies (excluding Section 25 and foreign companies) as on June 20, 2014	1) Blue Star Limited 2) ACC Limited 3) Ambuja Cements Limited 4) J K Paper Limited 5) Mahindra Lifespace Developers Limited 6) Raymond Limited 7) Torrent Pharmaceuticals Limited 8) NSDL E-Governance Infrastructure Limited 9) Future Lifestyle Fashions Limited 10) Karam Chand Thapar & Bros (Coal Sales) Limited 11) Milestone Capital Advisors Limited 12) AAA Industries Private Limited 13) AAA Infrastructure Consulting and Engineers Private Limited 14) AAA International Capital Private Limited 15) ADA Enterprises and Ventures Private Limited 16) Haribhakti Moti India Private Limited 17) JM Financial Asset Reconstruction Company Private Limited 18) Planet People and Profit Consulting Private Limited 19) Quadrum Solutions Private Limited 20) Reliance Enterprises and Ventures Private Limited 21) Mentorcap Management Private Limited 22) HB Advisory Services Private Limited 23) DH Consultants Private Limited	1) L&T Finance Limited 2) Tube Investments of India Limited 3) GlaxoSmithkline Pharmaceuticals Limited 4) APIDC Venture Capital Private Limited 5) Heidelberg Cement India Limited 6) NOCIL Limited 7) Cholamandalam MS General Insurance Company Limited

Memberships of committees across companies (includes only Audit & Shareholders'/Investors' Grievance Committee/Stakeholders Relationship Committee)	Audit Committee: 1) Future Lifestyle Fashions Limited 2) Blue Star Limited 3) Torrent Pharmaceuticals Limited 4) Mahindra Life Space Developers Limited 5) NSDL E-Governance Infrastructure Limited 6) Raymond Limited 7) L&T Finance Holdings Limited Shareholders'/Investors' Grievance Committee/Stakeholders Relationship Committee: 1) ACC Limited	Audit Committee: 1) GlaxoSmithkline Pharmaceuticals Limited 2) L&T Finance Limited 3) Heidelberg Cement India Limited 4) Tube Investments India (TIL) Limited Shareholders'/Investors' Grievance Committee/Stakeholders Relationship Committee: 1) GlaxoSmithkline Pharmaceuticals Limited 2) Heidelberg Cement India Limited 3) L&T Finance Holdings Limited
Shareholding in the Company (Equity)	None	None
Relationship between directors inter-se	None	None

Name of the Director	Ms. Kamakshi Rao
Date of Birth	23/04/1969
Date of Appointment on the Board	01/10/2011
Brief Profile	<p>Ms. Kamakshi Rao is an investment professional with over 20 years of investment experience. She earned her undergraduate degree from Harvard University and her Master's degree from University of Pennsylvania. Ms. Rao worked at The Capital Group, an investment management company based in Los Angeles from 1994 to 2010. She invested in listed equities in a wide range of industries across Asia, Europe, the Middle East and Africa, and was a Senior Vice President at the time of her retirement in 2010. She now works as a Senior Director of Investments at Ankur Capital, a Mumbai and New York based investment fund. Ankur invests in early stage companies that reduce poverty, and that enable affordable education and healthcare.</p> <p>Throughout her career, India has always been a core area of her responsibilities. She has a wealth of international work experience having been based in the United States, Singapore and Japan during the course of her career.</p>
Directorships held in other companies (excluding Section 25 and foreign companies) as on June 20, 2014	None
Memberships of committees across companies (includes only Audit & Shareholders'/Investors' Grievance Committee/Stakeholders Relationship Committee)	None
Shareholding in the Company (Equity)	None
Relationship between directors inter-se	None

**By order of the Board of Directors
For L&T Finance Holdings Limited**

Date: June 20, 2014
Place: Mumbai
Registered Office: L&T House, Ballard Estate, Mumbai - 400 001.

**Sd/-
N. Suryanarayanan
Company Secretary**

L&T Finance Holdings Limited

(CIN : L67120MH2008PLC181833)

Registered Office:

L&T House, Ballard Estate, Mumbai - 400 001

Email: igrc@ltfinanceholdings.com.

website: www.ltfinanceholdings.com.

Phone: +91 22 6621 7300 **Fax:** +91 22 6621 7515

6th Annual Report 2013-14
PROXY FORM
Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L67120MH2008PLC181833
Name of the Company	:	L&T Finance Holdings Limited
Registered office	:	L&T House, Ballard Estate, Mumbai - 400 001
Name of the member (s)	:	_____
Registered address	:	_____
E-mail ID	:	_____
Folio No/ Client ID/DP ID	:	_____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

(1) Name :	_____	Address :	_____	
E-mail Id:	_____	Signature :	_____	or failing him
(2) Name :	_____	Address :	_____	
E-mail Id:	_____	Signature :	_____	or failing him
(3) Name :	_____	Address :	_____	
E-mail Id:	_____	Signature :	_____	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company, to be held on the **Thursday, July 24, 2014 at 3.00 p.m.** at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:	Special Business:
1. Adoption of Financial statements for the year ended 31 March 2014 and the Directors' and Auditors' Reports thereon. 2. Declaration of dividend on Equity Shares. 3. Re-appointment of M/s. Sharp & Tannan, Chartered Accountants, Statutory Auditors of the Company and to fix their remuneration.	4. Appointment of Mr. Harsh Mariwala as an Independent Director. 5. Appointment of Mr. B. V. Bhargava as an Independent Director. 6. Appointment of Mr. Shailesh V. Haribhakti as an Independent Director. 7. Appointment of Mr. P. V. Bhide as an Independent Director. 8. Appointment of Ms. Kamakshi Rao as an Independent Director. 9. Issue of Non Convertible Debentures (NCDs) on Private Placement basis. 10. Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of Public Offer or on Private Placement basis. 11. Variation in terms of appointment / remuneration of Chairman and Managing Director. 12. Variation in terms of appointment / remuneration of President and Whole-time Director.

Signed this _____ day _____ of 2014

Affix
revenue
stamp of
Re 1

Signature of shareholder

Signature of Proxy holder(s)

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

P.T.O.

L&T Finance Holdings Limited

Regd. Office: L&T House, Ballard Estate, Mumbai - 400 001

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING - JULY 24, 2014 AT 3.00 P.M.

Folio No./ DPID & Client ID:

Name :

Address :

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the Sixth Annual General Meeting of the Company at Birla Matushri Sabhagar, 19 Marine Lines, Mumbai - 400 020 on **Thursday, July 24, 2014.**

First / Sole holder / Proxy

Second holder / Proxy

Third holder / Proxy

Notes :

1. Registration will start at 01.00 p.m. and close at 03.00 p.m. on the day of Annual General Meeting (AGM)
2. There will be a separate entrance for AGM at the Birla Matushri Sabhagar. The Members are, therefore, requested to co-operate and use only the AGM entrance and not any other entrance.
3. There will be no parking facility opposite to Sabhagar. The Members are requested to park their vehicle at the BMC parking area.
4. The Members are required to produce their duly signed Attendance Slips and get their entry passes from the registration counter.
5. The Members should produce their entry passes at the entrance of the AGM Hall for attending the AGM.
6. The Members are informed that in case of joint holders attending the meeting, only such joint holder whose name appears in the chronological order in the Demat Account/ Folio will be entitled to vote.
7. This Attendance Slip is valid only in case shares are held on the date of the AGM.
8. The Members who have received Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit duly filled in Attendance Slip at the registration counter to attend the AGM.

Electronic Voting (e-voting):

9. **The Company is pleased to offer the option of e-voting facility to the Members. The Members shall have the option to vote either through e-Voting or in person at the Annual General Meeting. The voting period will commence at 9.30 a.m. on Friday, July 18, 2014 and will end at 6.00 p.m. on Sunday, July 20, 2014 p.m. The Members desiring to exercise e-voting option may refer to the detailed procedure on electronic voting provided in the Notice of the AGM.**

P.T.O.

synergy at work



Annual Report 2013-2014



L&T Finance Holdings

contents

Company Information	1
Chairman's Message	4
Our Businesses	6
Risk Management	8
Human Resources	10
Corporate Social Responsibility	12
Financial Highlights	14
Our Journey	16
Board of Directors	18
Key Management Personnel	22
Management Discussion and Analysis	24
Directors' Report & Financial Statements	37

company information

Board of Directors

Mr. Y. M. Deosthalee
Chairman & Managing Director

Mr. N. Sivaraman
President & Whole-time Director

Mr. R. Shankar Raman
Non-Executive Director

Mr. A. K. Jain
Non-Executive Director

Mr. S. V. Haribhakti
Independent Director

Mr. B. V. Bhargava
Independent Director

Mr. P. V. Bhide
Independent Director

Ms. Kamakshi Rao
Independent Director

Mr. Harsh Mariwala
Independent Director

Company Secretary

N. Suryanarayanan

Statutory Auditors

M/s. Sharp & Tannan

Registered Office

L&T House, N.M. Marg, Ballard Estate
Mumbai – 400 001

Investor Service Centre

City 2, Plot No. 177, C.S.T Road, Kalina
Santacruz (East), Mumbai – 400 098

Tel: +91 22 6621 7300

Fax: +91 22 6621 7515

Email: igrc@ltfinanceholdings.com

www.ltfinanceholdings.com

acquiring **our edge**

Our vision is to be an admired and inspirational financial institution, creating sustainable value for all our stakeholders.

Our goal is to become a comprehensive provider of financial solutions and over the past few years, we have diversified, grown organically and inorganically and invested in organization building, technology and infrastructure. Our asset book is now over ₹ 40,000 crores with offerings that span the geo-socio-economic spectrum.

Building one unified face that can be recognised across the country was a natural part of our journey, and in September 2013, we launched our distinctive brand identity. Our corporate colours, L&T yellow and blue, exude positivity and optimism. And our graphic device called 'the edge' is drawn from the well-recognized L&T logo. It represents a forward thinking, agile and innovative organization. As an enabler, the edge reflects our brand's idea of multiplying happiness: For our customers, it signifies better, faster service. For our people, it means aiming for growth - professional as well as personal. For our business, it means cutting through products, services, customer segments, technologies and geographies - to finance tomorrow, one dream at a time.





looking forward

We launched mobile receipting and doorstep tablet services, which considerably reduced service delivery time.

Dear Shareholder,

2014 has reserved its place in our country's history book as the definitive year of change. The elections ushered in a new leadership with a mission to reboot the economy, deliver stability and efficient governance. Priorities have been scripted as a 10 point agenda that includes being people-oriented, building confidence in the bureaucracy, increasing investment, particularly in infrastructure, and implementing policy in a time-bound manner.

Expectedly, the uncertainty of FY 2013 which spilled through FY 2014 left us grappling with high current account deficit (CAD) and fiscal deficit levels. Though CAD was eventually brought under control, the fiscal deficit is still a cause for concern. Widening the tax net to improve the tax-to-GDP ratio, divestment of stakes in public sector undertakings and reducing non-planned expenditure including subsidies, would help the fiscal front. In order to kick-start the economy, focusing on low hanging fruit - payments to infrastructure companies and commencement of projects stuck in the pipeline – would inject liquidity in the system. The government needs to continue with the reform process and work on faster implementation of Goods and Services Tax (GST) and the Direct Tax Code. Leaders and captains of industry, investors, analysts and the common man alike, all know the answer to the problem: Growth.

Hope is a key theme now. India is looking forward to a better day. And so are we.

FY 2013-14 in perspective

FY 2013-14 was an eventful year. On the one hand, uncertainty in the economy posed challenges, but on the other, success was sweet. I would first like to talk about the three businesses we acquired in the last year:

It was a remarkable first full year of business for L&T Mutual Fund post the acquisition of Fidelity's asset management business in India. We went up the ladder by three notches to rank No. 13 in the industry. Managed assets rose by 63% to ₹ 18,255 crores, and apart from scale, we achieved break-even. Our Wealth Management business also completed a successful maiden year with over ₹ 5,000 crores in serviced assets.

We established our presence in new consumer spaces post the acquisition of Family Credit and Indo Pacific. Our market share in the two-wheeler business now stands at 1.77%. This is significant as 70% of two-wheelers are bought on a cash basis. Our housing finance book registered a healthy increase to ₹ 1,880 crores as against ₹ 326 crores at the beginning of the year.

Moreover, I am happy to inform you that the integration of all three businesses - which involve people, processes and different work cultures - has been completed successfully.

With a good monsoon, credit in rural markets was robust. Rural Finance, which domiciles our tractor business, grew



from ₹ 3,445 crores to ₹ 5,088 crores, substantially increasing our market share. We are committed to the country's financial inclusion agenda and enjoy a deep presence in Micro Finance. Our network spans 190-plus meeting centres touching over 2 million lives across six states. On the whole, our retail finance business now has an established presence in 23 states across 700-plus touch points.

There was substantial de-growth in the Construction Equipment and Commercial Vehicle segments. With the overall slowdown and problems faced by the mining sector, asset quality was a challenge.

It was also not a marquee year for Infrastructure Finance. Paucity of capital, supply bottlenecks, delayed clearances, slowdown in land acquisition and policy uncertainty characterised the business. The focus was on consolidation and refinancing of operational assets. However, there was light at the end of the tunnel. The newly-launched Infrastructure Debt Fund (IDF) created a niche for itself by incorporating quality assets and presenting itself as a price warrior.

Innovation remains at the heart of our product differentiation strategy. We launched mobile receipting and doorstep tablet services, which considerably reduced service delivery time.

Overall, your company witnessed a profitable growth. Our

consolidated loans grew by 20% y-o-y to ₹ 40,080 crores and our PAT (excluding exceptional items) stood at ₹ 597 crores.

Outlook

The global economy appears to be on the cusp of a recovery and there is palpable excitement about India. As the situation on the ground becomes brighter with investments across sectors, we expect positive traction on all fronts - infrastructure, equipment financing, housing and SME funding. We will continue to explore growth opportunities and relentlessly focus on collections and finding solutions for NPAs. Banking is a logical extension of the comprehensive business we have built and remains an aspiration that we will continue to pursue.

I take this opportunity to thank my colleagues on the Board for their valuable contributions.

I thank all our employees for nurturing the values we espouse and their unfettered efforts to the making of this institution.

And I thank you for your continued faith in us.

Regards,

Y.M. Deosthalee
Chairman & Managing Director



our businesses

Retail Finance

Our horizons have expanded. Our retail finance business now offers loans for income generation as well as consumer assets across 23 states. We participate across the income cycles of the rural economy - crop, dairy and warehousing. We finance tractors and farm equipment and encourage rural enterprise in dairy, commodity storage and trading. We fulfil the desire for personal mobility by financing new and pre-owned cars and post the acquisition of Family Credit, we got a foothold in the two-wheeler business. Growth is led by strong OEM tie-ups and innovative schemes. The Indo Pacific acquisition last year saw us enter the housing finance business and our portfolio spans home loans, home improvement loans, loans against property, top-up and balance transfers for salaried and self-employed customers. We also extend construction finance to developers and builders. Focus areas this year, are expanding to new markets and affordable housing. We finance both new and pre-owned commercial vehicles and offer secured term loans for construction equipment. Our micro finance business helps communities to discover the power of collective entrepreneurship through joint-liability and individual micro loans. Apart from consumer loans, our corporate finance solutions cover working capital loans to SMEs, term loans, corporate loans and leases, loans against securities and supply chain finance.

Wholesale Finance

Our parentage equips us with a richer understanding of the infrastructure sector and the knowledge to structure appropriate solutions for a diverse set of clients across solar, wind, renewable energy, thermal power, telecom, roads, water, oil and gas, and ports. Our comprehensive service offerings range from project finance to equity and debt syndication, financial advisory and private equity. We have also sponsored an Infrastructure Debt Fund under the RBI IDF-NBFC Regulations, which will



finance operational PPP projects in the roads, ports, airports and urban infrastructure sectors. Our wholly owned subsidiary L&T Infrastructure Finance Company Limited is classified as an Infrastructure Finance Company (IFC) by the Reserve Bank of India (RBI) and Public Financial Institution (PFI) under the provisions of the Companies Act, 1956.

Investment Management

The aim of L&T Mutual Fund is to create prosperity for all stakeholders by delivering consistent long term investment performance, product innovation and quality service. Our commitment to answering different customer needs has resulted in over 26 funds that span asset classes, risk profiles, time horizons and geographies. We build our investments on a foundation of in-depth research and fundamental analysis. GEM, our proprietary investment process comprises three rigorous steps: Generation of ideas, Evaluation of companies and Manufacturing and monitoring of portfolios. We rank No. 13 in the industry, up three notches from last year.

Wealth Management

Our wealth management solutions are founded on the aspirations and goals of our customers and the cornerstones of our approach are customer centricity, experience, in-depth research and execution efficiency. Our services include distribution of financial products, estate and succession planning, capital market and alternate investments, and real estate services. Our edge lies in robust execution capabilities and efficient client servicing.

risk management

Our objective is to have one comprehensive view of risk across our lines of business. The endeavor is to embed best practices and create a unique risk culture across the organization, adopting disciplined processes for risk assessment, measurement, mitigation and monitoring.

Risk Framework

The risk management framework of the Group is driven by the Board and senior management of each entity. A risk management committee has been constituted by each entity to facilitate focused oversight on identified risks. Policies approved by the Board and respective committees of the Board, form the governing framework for each type of risk. All business activities are undertaken within this overall policy framework.

Risk Governance

The senior management is responsible for understanding risks and ensuring that they are adequately addressed from a governance perspective. There is a dedicated process for the ongoing review of the roles and responsibilities of the risk management committee of each entity. The risk appetite and risk tolerance levels of each entity are monitored in line with the long and medium term strategies of the entity.

The Way forward

We have begun architecting our Enterprise-wide Risk Management framework for a consolidated view of risk across the Group. The framework would dovetail critical areas identified by entity level risk committees into the holding company for enhanced risk governance. The Group is also putting in place a process to identify and mitigate operational and compliance risks across all entities, document standard operating procedures and develop a register of key risks and controls across the Group. We also believe the Group has the capacity and capability to continuously upscale its risk management framework.



human resources

The HR goal for FY 2013-14 was to set in motion the building of a high performance organization and it revolved around three key initiatives: employee development, employee engagement and instilling our values.

Employee Development

We have an established process of setting key performance indicators (KPIs) for all levels - organization, department and individual. To focus on continuous development, we created a level-appropriate framework of our six growth attributes. These include execution excellence, customer focus, innovation and people development among others. Alongside, we introduced the Critical Incidents Diary to help employees record granular incidents as anecdotal evidence to substantiate how their performance reflected the stated attributes. This meaningful tool – where managers act as mirrors to team members, reflecting strengths and development areas alike - has strengthened our existing performance evaluation system and also helped employees to chart their own development paths to excellence.

Building Engagement

At L&T Financial Services, we actively encourage openness and two-way conversations. We decided on two engagement approaches - town halls and leadership mentoring sessions. Senior management, led by the Chairman and the President, played an active role in meeting employees across the country to brief and discuss topics relevant to our growth. Later in the year, we introduced MyLTFS, our interactive portal. Accessible 24/7, it is the official repository for all HR related information and also has an HR helpdesk where employees can get very swift resolutions to their queries.

Instilling Values

These have been exciting times. We have grown organically, inorganically and multi-fold. Hence, the time was right to cascade our values across the length and breadth of the organization, which we delivered in three steps. To anchor our values in employees' minds, we shared them with our employees – on a card. A custom-created acronym – RECITES – which expands to Respect for Individuals, Excellence, Customer centricity, Integrity, Teamwork, Entrepreneurship and Sustainability, has ensured high recall of our values. To be inspired by our values, we created two videos – an interview with the Chairman and a panel discussion with the President – and both offer perspectives on The L&T Financial Services Way. To imbibe our values, we introduced the Star Awards. Employees across the Group, who demonstrated organizational values in their day-to-day work, were felicitated as exemplars of our values.

As we open the new financial year, we remain dedicated to building an appreciating asset – our human capital.



corporate social responsibility

Through FY 2013-14, we remained dedicated to developing the community by taking the basics – education, literacy and water - to the less privileged.

Over 92,000 village children learn to read and write

Dnyanarpan, our rural primary education project is conducted by our NGO partners Pratham and Aid India and their teaching methodology is a fun based learning camp. We host Dnyanarpan in five states - Maharashtra, Orissa, West Bengal, Tamil Nadu and Madhya Pradesh - and our reach has extended to 570 villages. The report card for the year says students from Grade 1 to Grade 8 demonstrated significant improvement in their reading and writing abilities. However, the long term impact of these learning camps is much more gratifying: increase in basic literacy, decrease in school dropouts and the beginning of holistic development. Our employees have also contributed to Dnyanarpan by training villagers in soft skills.

The Art in Science

As part of our education initiative, we also joined hands with Agastya International in Karnataka and reached out to 202 rural schools and 21,432 students from Grade 5 to Grade 10. Once again, the teaching style is unique - a mobile van parked at the school, brings alive a science lesson with mock-ups made of local material or everyday things. For instance, rubber bands are used to explain the principle of elasticity and a skeleton made of sticks vividly explains the bone structure of the human body. The project has helped banish the fear of science!

Water for life

We have partnered with Savitribai Phule Mahila Ekatma Samaj Mandal and are supporting the construction of a check dam in the drought prone Pokhari village in the Jalna district of Maharashtra. The dam will be the only source of water for a population of over 2000 people across 100 households and will also help improve agricultural yield.

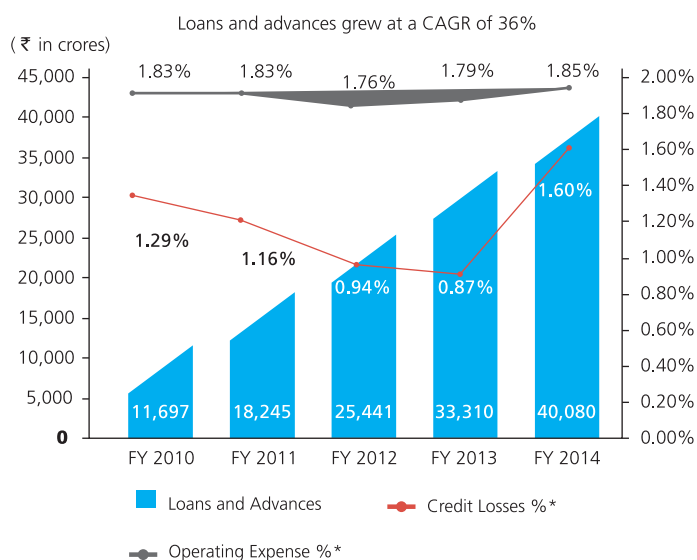
Inclusive growth and capacity building underpins each of our efforts. Going forward, we envisage a deeper and focused penetration of quality education and livelihood generation for disadvantaged communities.



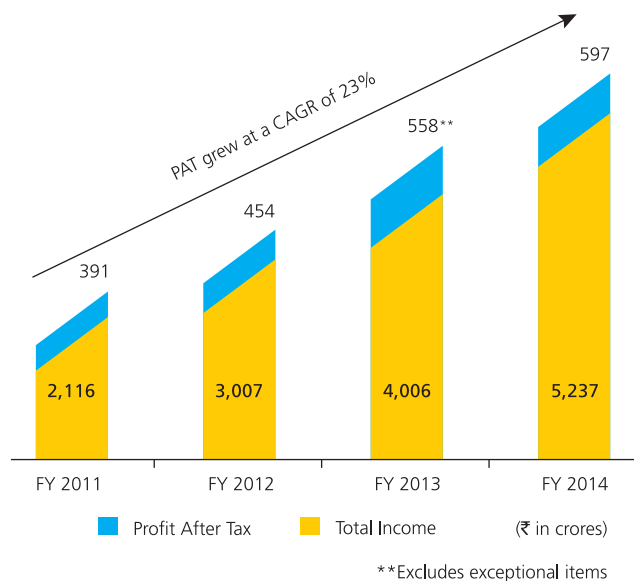
financial highlights

Lending Business

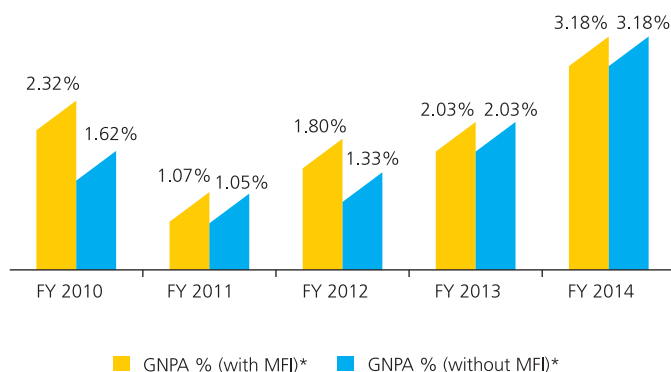
Loan Portfolio and Operating Expenses



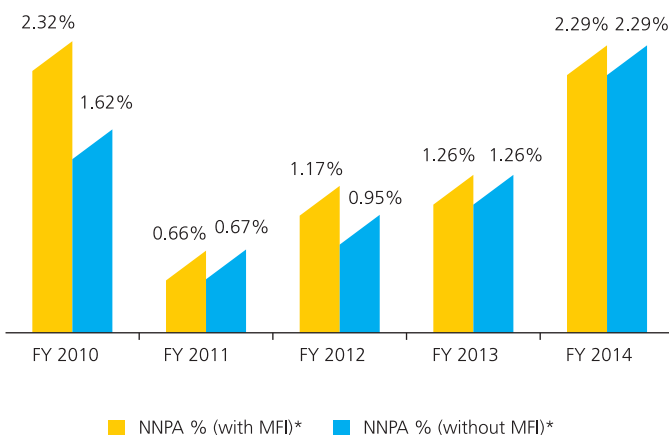
Profitability



GNPA



NNPA

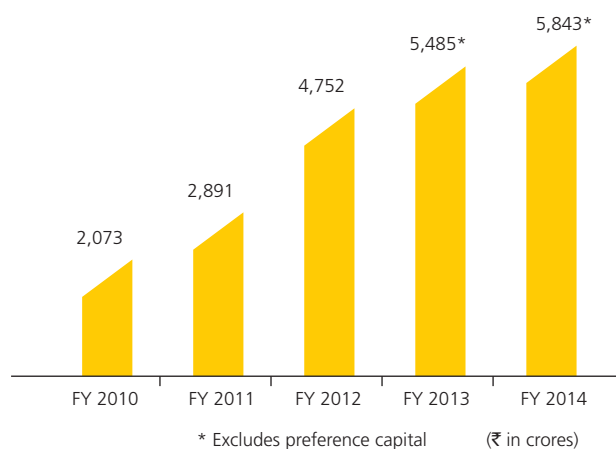


* % of Loans and Advances

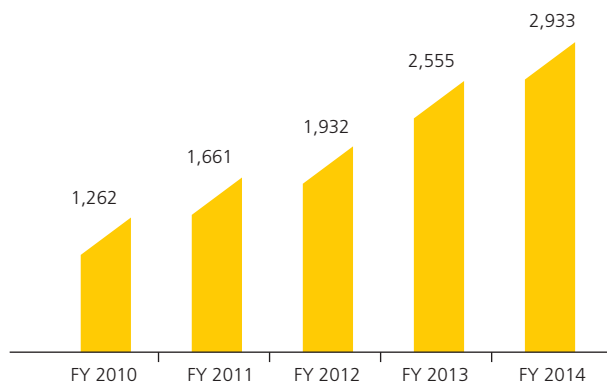


Consolidated

Networth

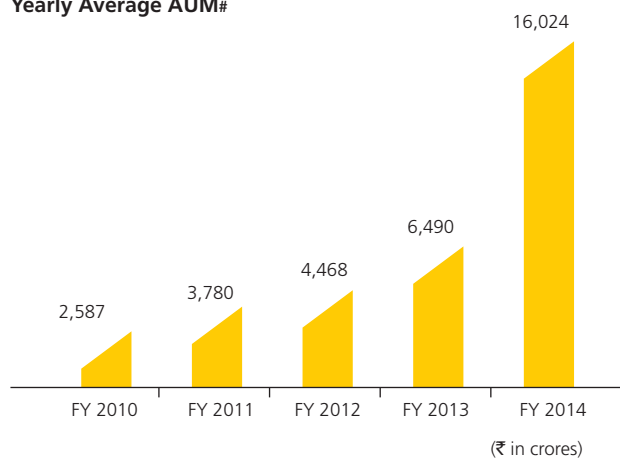


No of Employees



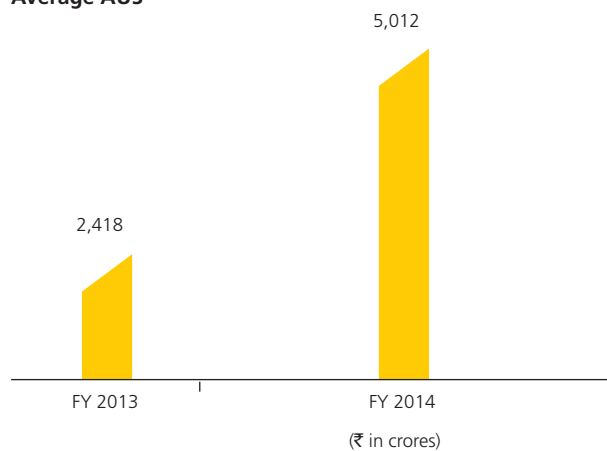
Investment Management Business

Yearly Average AUM#



Wealth Management Business

Average AUS**



our journey so far



1994

- Incorporation of L&T Finance Ltd. (LTF)

2007

- LTF started Commercial Vehicle financing
- L&T Infrastructure Finance Company Ltd. (LTIF) was established

2008

- L&T Finance Holdings (LTFH) Total Assets cross ₹ 10,000 crores
- LTF starts distribution of third party products
- LTF forays into Micro Finance & Capital Market products

2009

- Maiden public issue of NCDs by LTF

2010

- LTIF gets Infrastructure Finance Company (IFC) status, and launches Infra Bonds
- LTF acquires DBS Cholamandalam Asset Management Ltd; forays into mutual fund business



2011

- IPO of LTFH; becomes the first listed subsidiary of L&T
- LTIF is notified as a Public Financial Institution (PFI)
- LTFH's Total Assets cross ₹ 20,000 crores

2012

- LTFH's Total Assets cross ₹ 30,000 crores
- Entry into Housing Finance by acquiring Indo Pacific Housing Finance Limited
- Acquisition of Fidelity's Mutual Fund business in India
- Entry into two-wheeler Finance by acquiring Family Credit

2013

- Incorporated L&T Capital Markets - Platform for Wealth Management
- Maiden issue of Preference Shares worth ₹ 750 crores by LTFH

2014

- Total Assets cross ₹ 40,000 crores

board of directors



Y. M. Deosthalee

Chairman & Managing Director

Mr. Y.M. Deosthalee assumed the office of Chairman & Managing Director of our Company in September 2011. He has provided strategic direction to the financial services business since its inception in 1995 and has been the key architect of its growth. He is also the Non-Executive Chairman of L&T Finance Limited, L&T Infrastructure Finance Company Limited and L&T General Insurance Company Limited.

With the L&T Group for over 40 years, Mr. Deosthalee was the Chief Financial Officer and Member of the Board of Larsen & Toubro Limited till September 2011. During his tenure, in addition to heading Finance, he was responsible for Human Resources, Risk Management, Mergers & Acquisitions and Shared Services. He also played an important role in software services and in building L&T Infotech. Mr. Deosthalee has been credited with making significant contributions in building L&T's concessions business, which is housed in L&T Infrastructure Development Projects Limited. He is currently the Non-Executive Chairman of L&T Infrastructure Development Projects and two of its large SPVs/JVs - L&T Metro Rail (Hyderabad) Limited and Dhamra Port Company Limited.

Mr. Deosthalee is a member of key regulatory committees and has participated in the formulation of public policy. He is the Chairman of CII's National Committee on NBFCs and a member of its national council and banking committees.

Mr. Deosthalee is a chartered accountant and a graduate of law.

N. Sivaraman

President & Whole-time Director

Mr. N. Sivaraman is the President and Whole-time Director of our Company and has been overseeing all entities under L&T Financial Services from 2006. Under his leadership, L&T Finance Holdings became the first subsidiary of L&T to be publicly listed. He has strategized the expansion of the business across lending, asset management and insurance, and has led inorganic growth as well, overseeing key acquisitions in asset management, housing and personal vehicle finance.

Mr. Sivaraman has been with Larsen & Toubro for over 32 years with experience across all aspects of finance and accounts, mergers and acquisitions and investor relations. He has held many key roles in Treasury, Project Finance, Investor Relations and Corporate Finance and has been the brain behind several critical initiatives for the company. These include the demerger of the company's cement business, the first ever 'BOOT' power project and structuring of the 'Build-Own-Lease-Transfer' bid. He also pioneered its financing with capital market instruments.



From Left to Right: Harsh Mariwala, P. V. Bhide, A. K. Jain, R. Shankar Raman, Y. M. Deosthalee, N. Sivaraman, B. V. Bhargava, Kamakshi Rao, S. V. Haribhakti

Mr. Sivaraman is on the Board of Financial Planning Standards Board (FPSB) and is a member of CII's National Committees on NBFCs and Financial Inclusion.

A chartered accountant and a fellow member of the Institute of Chartered Accountants of India, he is also a Bachelor of Commerce from Madras University. Passionate about music and the fine arts, Mr. Sivaraman is a member of the Board of Trustees of the Sri Shanmukhananda Fine Arts & Sangeetha Sabha.

R. Shankar Raman

Non-Executive Director

Mr. Shankar Raman is the Chief Financial Officer and Member of the Board at Larsen & Toubro Limited (L&T). He is a Non-Executive Director on the Board of our Company, L&T Finance Limited and L&T Investment Management Limited.

Mr. Shankar Raman has close to 31 years' experience in Finance across audit, accounts, treasury, capital markets, corporate finance, project finance and general management. He joined the L&T Group in 1994 to set up L&T Finance. After six successful years with L&T Finance, he moved to L&T to oversee the Finance and Accounting functions.

Mr. Shankar Raman is on the board of several companies including international subsidiaries within the L&T Group and has participated and presented papers at several Indian and global conventions and seminars.

Mr. Shankar Raman is a chartered and cost accountant by profession and has a degree in Commerce from Madras University.

Ajit Kumar Jain

Non-Executive Director

Mr. A.K. Jain is a retired Indian Administrative Service Officer and has held important posts with the Government of India. He was Director & Additional Controller of Capital Issues in the Investment Division of the Ministry of Finance, Assistant to Executive Director, Asian Development Bank, Joint Secretary in the banking division of the Ministry of Finance, Special Secretary, Ministry of Power and Secretary to the Government of India, Ministry of Finance (Department of Disinvestment).

Mr. Jain is a nominee of the Specified Undertaking of the Unit Trust of India on the Board of Larsen & Toubro Limited. Mr. Jain has also served as a Non-Executive Director on the boards of several central and state PSUs including Canara Bank, Cochin Shipyard Limited, The Industrial Finance Corporation of India Limited and ITI Limited. He has served as a member of the ADB Institute Advisory Council of

the Asian Development Bank for two years, from September 11, 2006 to September 10, 2008 and as a Member of the Advisory Board on Bank, Commercial & Financial Frauds, constituted by the Central Vigilance Commission, Government of India from July 1, 2007 to June 30, 2009.

Mr. Jain is a B.Com (Honours) graduate and holds a Master's Diploma in Public Administration from the Indian Institute of Public Administration. He completed his graduation in Commerce from the University of Delhi.

Independent Directors

S. V. Haribhakti

Mr. Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner. During a career span of four decades, he has successfully established and led many innovative services. His current passions involve outsourcing of knowledge processes, engaged investing, and efficiency and effectiveness enhancement in social, commercial and governmental organizations.

Mr. Haribhakti strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes, and contributes towards their evolution by participating in the process of framing regulations and standards.

B. V. Bhargava

Mr. B.V. Bhargava has had a distinguished career in development banking and project finance for nearly three decades. Currently, Mr. Bhargava is a Director of various companies including Grasim Industries Limited and J.K. Lakshmi Cement Ltd. He is also the Chairman of the Rating Committee of CRISIL Limited.

Mr. Bhargava's varied and multi-faceted experience began with the Tariff Commission of India, where he was involved with various industries including cement, sugar and paper. His next assignment was with the Indian Investment Centre, where as Assistant Director based in New York, he was closely involved with the promotion of joint ventures.

Mr. Bhargava joined ICICI in 1968 in the project appraisal department and rose to head various departments including the projects department and the regional office in Delhi. He retired from ICICI in May 1996 as Vice Chairman and Managing Director. At ICICI, he was closely involved with ICICI's innovative efforts in developing financial instruments and mechanisms tailored to the contemporary needs of Indian industry. He was also actively involved in raising foreign currency and rupee resources and during his tenure acquired a deep knowledge of Indian industry and problems of industrial development. In the telecommunications sector, Mr. Bhargava was the Chairman of the ICICI Telecom Group, a special group constituted by ICICI to advise the government on key issues pertaining to reform of the telecommunications sector such as the creation of an independent regulatory body and the entry conditions for the private sector in telecom services.

Mr. Bhargava has participated in a number of seminars on project evaluation and management and has addressed several forums on this topic.

Mr. Bhargava is a post graduate in Commerce and has a degree in law from the University of Bombay.

P.V. Bhide

Mr. P. V. Bhide's career has spanned about four decades. He has held various government positions including the Secretary, Department of Revenue, Ministry of Finance; Secretary and Joint Secretary, Department of Disinvestment, Ministry of Finance; Additional Secretary/Spl. Secretary, Ministry of Home Affairs; Deputy Secretary, Department of Economic Affairs, Ministry of Finance. He has also held positions as Director of Fund-Bank Division of the Department of Economic Affairs and as Advisor to India's Executive Director to the International Board for Reconstruction and Development (World Bank), Washington D.C. He was also Secretary, Department of Finance, Government of Andhra Pradesh; Secretary, Department of Energy, Government of Andhra Pradesh and Managing Director, Godavari Fertilisers and Chemicals Limited.

Mr. Bhide is a retired IAS Officer with MBA, L.L.B and B.Sc. degrees.

Kamakshi Rao

Ms. Rao is an investment professional with over 20 years' investment experience. She worked at The Capital Group, an investment management company based in Los Angeles from 1994 to 2010 and invested in listed equities in a wide range of industries across Asia, Europe, the Middle East and Africa. At the time of retirement in 2010, Ms Rao was a Senior Vice President. She now works as a Senior Director of Investments at Ankur Capital, a Mumbai and New York based investment fund that invests in early stage companies that reduce poverty, enable affordable education and healthcare.

Throughout her career, India has always been a core area of her responsibilities. She has a wealth of international work experience, having been based in the United States, Singapore and Japan during the course of her career.

Ms. Rao earned her undergraduate degree from Harvard University and her Master's degree from the University of Pennsylvania.

Harsh Mariwala

Mr. Harsh Mariwala leads Marico Limited (Marico) as its Chairman. Over the past three decades, Mr. Mariwala has transformed a traditional commodities driven business into a leading consumer products and services company in the Beauty and Wellness space. From a turnover of ₹ 50 Lakhs in 1971, Marico's products and services in hair care, skin care and healthy foods generated a turnover of about ₹ 4,687 crores during 2013-14. Under his leadership, Marico has achieved several awards and over 100 external recognitions in the last few years. Mr. Mariwala's entrepreneurial drive and passion for innovation, enthused him to establish the Marico Innovation Foundation in 2003. Under the stewardship of an eminent Board, the Foundation acts as a catalyst to fuel innovation in India. As an expression of his personal social responsibility, Mr. Mariwala launched ASCENT – Accelerating the SCaling up of ENTerprises to identify growth-stage entrepreneurs with potential and enable them in their scaling-up journey.

Mr. Mariwala was the President of the Federation of Indian Chambers of Commerce and Industry (FICCI) in 2011. He has held positions as FMCG Committee Chairman of FICCI and CII. Mr. Mariwala has been a part of the Young Presidents Organization (YPO) and is now a part of the World Presidents Organization (WPO). He has held the position of YPO Education, Membership and Chapter Chair for the Bombay Chapter and was a member of the International Forum Board of YPO International.

key management personnel



Suneet K. Maheshwari

Group Executive VP-Corporate Affairs
L&T Financial Services

Mr. Maheshwari has over 33 years' experience in infrastructure financing, corporate finance, investment banking, private equity and in infrastructure and energy sector advisory. Before he took charge as Group Executive Vice President – Corporate Affairs, L&T Financial Services, he was the Managing Director & Chief Executive of L&T Infrastructure Finance Co. Ltd. (L&T Infra Finance). He continues to guide L&T Infra Finance as well as other group companies as a member of the Board and other board sub-committees.

Mr. Maheshwari has been closely involved with various infrastructure sector reforms and PPP initiatives since 1991. He has held several positions at industry bodies and government task force for promoting reforms in the infrastructure sector and financing. He is currently a Member of the National Council on Infrastructure at CII. An MBA from Symbiosis Institute, Pune and a Bachelor of Science from Mumbai University, Mr. Maheshwari has also trained in Strategy and Operations Management and Restructuring of FIs and Banks at Harvard Business School.



Dinanath Dubhashi

Managing Director & Chief Executive
L&T Finance Limited

Mr. Dubhashi has been with L&T Finance since April 2007. Prior to taking over as Chief Executive, Mr. Dubhashi has held senior level positions in the organization and has been responsible for leading L&T Finance's foray into retail finance including micro finance. Mr. Dubhashi oversees the retail financing business including subsidiaries of the Group - L&T Housing Finance Limited, Family Credit Limited and L&T Access Distribution Services Limited.

Mr. Dubhashi has over 24 years' experience across retail financial services, corporate banking, cash management and trade finance, credit rating and project finance and has worked with reputed Indian and international organizations. Prior to joining L&T Finance, he was with BNP Paribas for 10 years in India and overseas, heading important verticals like cash management, trade services and corporate banking. His earlier assignments were with Care Ratings and SBI Capital Markets. Mr. Dubhashi holds a B.E. (Mechanical) degree and has completed his PGDM from IIM Bangalore.



Ashu Suyash

Chief Executive Officer
L&T Investment Management Limited

Ms. Suyash is the Chief Executive Officer of L&T Investment Management Limited and her experience in the financial services industry spans 26 years. She was Managing Director and Country Head for Fidelity's asset management business in India before joining L&T Investment Management. Prior to Fidelity, Ms. Suyash was the Head of Strategy and Business Development, Citibank. During her 15-plus years with the bank, she has held key positions across the Corporate, Consumer and Investment Bank.

Ms. Suyash has been named amongst the Top 50 Women in Business in India several times by Business Today, recognized as one of 25 most influential women



Ved Prakash Chaturvedi

Chief Executive
Capital Markets Group

in the asset management industry in Asia by Asian Investor, and was recently named amongst the Top 50 powerful women in business by Fortune India. Ms. Suyash is on the Boards of Association of Mutual Funds in India (AMFI) and Aseema Charitable Trust and on the Advisory Boards of Chartered Institute for Securities & Investment and NMIMS. She is a chartered accountant and a Commerce graduate from Mumbai University.

Mr. Chaturvedi is the Chief Executive of the Capital Markets Group and has been associated with various leading names in India's capital markets such as CRISIL, BNP Paribas and SBI Funds Management for over 25 years.

Prior to joining L&T Finance Holdings Limited, he was Managing Director and Chief Executive Officer of Tata Asset Management Limited for over eight years. Mr. Chaturvedi has served on the Boards of various reputed institutions including the Financial Planning Standards Board and the Association of Mutual Funds in India. Mr. Chaturvedi has a B.E degree (Electronics and Power Engineering) and is an MBA from IIM Bangalore.



G. Krishnamurthy

Chief Executive, L&T Infrastructure
Finance Company Limited

Mr. Krishnamurthy is the Chief Executive of L&T Infrastructure Finance Company Limited and provides strategic direction to the wholesale financing business of the Group that includes large ticket lending to infrastructure and non-infrastructure sectors, Infrastructure Debt Fund and financial advisory services. He has over 23 years' experience in project finance and project development.

Mr. Krishnamurthy joined L&T Infrastructure Finance in May 2009. Over the last few years, he has played a lead role in its emergence as a leader in financing the renewables sector and the company's entry into the businesses of IDF and non-infrastructure sectors.

He started his career at ICICI Limited where he was involved in credit appraisal and financing of projects in various manufacturing sectors. Subsequently, in his capacity as Senior Vice President - Infrastructure Industry Group of ICICI, he headed the project finance team for the transportation and urban infrastructure sectors. Mr Krishnamurthy also has extensive experience in project planning and development in Telecom and DTH sectors having earlier worked with Reliance Communications. Mr. Krishnamurthy is a B. Tech (Mechanical) from IIT Mumbai and PGDM from IIM Bangalore.

management discussion and analysis



Macro-economic review and outlook

GDP growth decelerated through 2011 and 2012, reaching 4.6% in H1-FY13. Initially, a problem of stalled infrastructure and corporate investment, the slowdown spread across sectors. The growth slowdown combined with high inflation is a matter of concern. The global slowdown has affected exports and investment, but according to an IMF study, two-third of the downside in GDP growth can be attributed to domestic factors - supply bottlenecks, delayed project approval and implementation and policy uncertainty. Growth in industrial output and new capital expenditure saw significant deceleration during the fiscal. At the beginning of the financial year, there was a general consensus that interest rates have peaked and should see some softening within the financial year. However, interest rates remained at elevated levels, hurting corporate profitability.

Though recent policy actions have reduced India's vulnerabilities, structural issues and high inflation continue to remain key concerns. Global financial market volatility is still a significant risk, but the Indian economy is now better placed to handle financial shocks. Current Account Deficit (CAD) has contracted, the fiscal deficit target has been met and project approvals are accelerating. India has significant forex reserves to deploy in the event of external financing pressures. Exchange rate flexibility, a tightening of liquidity conditions and limited forex interventions helped us manage the volatility of mid-2013.

It is clear that for a sustainable turnaround, the country will have to tackle deep structural issues and resolve supply-side bottlenecks to revitalise investment and shore up investor confidence.

Company's Businesses

The Company's businesses, carried out through its wholly owned subsidiaries, are structured as Retail Finance, Wholesale Finance, Investment Management and Wealth Management business.

Retail Finance

Our Retail Finance consisting of retail, mid-corporate and housing finance businesses is carried out through our wholly owned subsidiaries, L&T Finance Limited, Family Credit Limited and L&T Housing Finance Limited. These comprise loans for the purchase of income generating as well as consumer assets, working capital loans for SMEs, term loans for medium and large companies, micro finance, loans for purchase of homes and loans against property.



The product portfolio under Retail Finance includes:

Consumer and Auto Loans	Micro and Small Enterprises	Mid and Large Corporations	Housing Finance	Micro Finance
Farm Equipment	Construction Equipment	Loans and Leases	Home Loans	Joint Liability Loans
Personal Vehicles (PV)	Medium & Heavy Commercial Vehicles (MHCV)	Loan Against Securities	Loan Against Property	Micro Individual Loans
Small & Light Commercial Vehicles (SCV & LCV)	Warehouse Receipt Finance	Supply Chain Finance	Construction Funding	

Consumer and Auto Loans

We offer asset backed financing for small commercial and personal vehicles, primarily in semi-urban and rural areas. This business also covers farm equipment – like tractors and harvesters - and we also offer financing for generator sets.

The table below outlines industry performance and our own in major products.

Industry Performance Vs. Our Performance

Product	Total Industry Volumes			Our Performance		
	FY14	FY13	%Δ	FY14	FY13	%Δ
Tractor	643,634	525,775	22%	51,700	34,727	49%
2 Wheeler	14,805,481	13,797,185	7%	261,336	191,979	36%
SCV*	382,783	465,663	-18%	18,105	12,460	45%
PVs	2,503,685	2,665,015	-6%	16,066	14,414	11%
LCV*	108,247	134,319	-19%	1,590	1,333	19%

*SCV = up to 3.5T, LCV >3.5 to 12 T

Source: PV, SCV, LCV: SIAM; Tractor: TMA

Our growth continues to be led by our geographical presence, strong OEM tie-ups, rapid roll-out capabilities and innovative schemes.

Micro and Small Enterprises

Through the Micro and Small Enterprises business, we offer construction equipment and medium and large commercial vehicle loans. We are also incubating a warehouse receipting business for agri commodities.

The continuing decline in construction and mining activities, drop in overall industrial growth and strained liquidity in the system took its toll on this sector this financial year. The industry experienced a worsening in asset quality due to rising NPA levels and a fall in the resale value of assets.

Accordingly, our strategic direction in the last two years of curtailing our exposure in the segment, with a view on the industry, has ensured that levels of stress in our book are limited. While this has led to negative growth in this portfolio, the damage to the asset quality has been relatively limited.

The table below outlines the industry performance and our performance.

Industry Performance vs. Our Performance

Product	Total Industry Volume			Our Performance		
	FY14	FY13	%Δ	FY14	FY13	%Δ
MHCV*	127,980	173,464	-26%	2,837	5,326	-47%
Backhoe Loader	25,600	30,992	-17%	319	592	-46%
Excavator	9,882	12,972	-24%	438	963	-55%

*MHCV = >12 T

Source: MHCV: SIAM; Backhoe Loader, Excavator = Industry Observers

Mid and Large Corporations

Our portfolio for this segment of business comprises corporate loans and leases, loans against securities and supply chain finance.

After excellent growth and high liquidity through FY12, the combination of low demand, tight liquidity, volatile interest rates and forex rate scenarios impacted the economy and industry over the last two years. Lacklustre stock market performance resulted in stretched leverage of companies. For corporate loans and leases this financial year, our strategy was selectivity - we offered credit only to well rated companies with tight monitoring of the end use of loans. Compared to the previous year, this business witnessed a rise in GNPA levels - entirely due to a limited number of large ticket loans disbursed during the upward cycle of the economy. This is not a representation of overall asset or overall portfolio quality.

Housing Finance

Our housing finance business is carried out by L&T Housing Finance Limited. Through this business, we offer home loans, loans against property and construction finance. Overall growth in housing credit in FY14 was close to 20% as against 18.5% in FY13. Housing Finance Companies (HFCs) have demonstrated a higher growth rate of 21% compared with banks, which stand at 17% in FY14. The top 5 players in the market continue to hold more than 60% of the share. (Source: ICRA, Annual Reports/Financial Reports/Investor presentations of HFCs and Banks, Primary Research).

During this financial year, we focused on scale through a mix of innovative product offerings and distribution channels. The year also marked L&T Housing Finance acquiring a portfolio worth ₹ 572 crores out of the ₹ 698 crores (Balance ₹ 126 crores portfolio was acquired by another fellow subsidiary Family Credit Limited) from CitiFinancial Consumer Finance India Ltd. (CCFIL) to give scalability and size to the business. Including this acquisition, L&T Housing Finance loans and advances have grown from ₹ 326 crores in FY13 to ₹ 1880 crores in FY14.

Micro Finance

We offer micro loans through a joint liability group model and have also begun offering individual micro loans on a pilot basis. We currently disburse micro loans in six states - Tamil Nadu, Karnataka, Maharashtra, Gujarat, Orissa and West Bengal.

During the year ended 31st March 2014, we disbursed ₹ 606 crores worth of loans as against ₹ 314 crores in the previous year, accounting for 93% growth.

In Andhra Pradesh, we continued our effort to recover loans we had written-off in the previous year, within the overall framework of RBI regulations and AP Micro Finance Act. We have stopped further disbursements in Andhra Pradesh and our onward strategy will depend on evolving regulations.

Apart from the above, the Retail Platform also has a financial distribution company, L&T Access Distribution Services Limited, which currently distributes the products and services of group companies.

Organisational Processes

Credit

Credit Policy

Lending entities under Retail Finance have a credit policy and credit risk management framework in place, supported by credit guidelines for different products, which are issued from time to time in consultation with the Risk Department – to manage risks at different stages of the financing process i.e. both pre and post disbursement.

Credit Risk Management

The business and credit review functions operate individually to manage credit risk better. The credit risk team is independently responsible for review of all credit requests, whether they originate from the retail or corporate finance group. The Head of Credit Risk reports directly to the Managing Director.

Credit Assessment Process

We have a centralized credit team, which is responsible for the evaluation and sanctioning of loan proposals across both our retail and corporate finance groups.

Risk Control Unit

Risk Control unit reviews credit applications, collection and branch processes to ensure that the business process is in line with organizational policies and procedures.

Information Technology

New initiatives undertaken during FY14 are:

- Complete rollout of on-field receipt issuance via a mobile phone in order to provide near-instant visibility of collections made on the field.
- Deployment of tablets as a means to digitize sourcing of loans.

Collection and Recovery

The Debt Recovery Unit (DRU) handles stressed assets, primarily for the retail business, across lending entities, given the growing book size of the business.

Provisioning Policy

The provisioning and write-off policies of the retail business entities are more stringent and conservative than regulatory prescriptions. We believe this will ensure that likely losses in the event of closure of the loans are already adequately provided for.

Operations

Operations are managed out of three locations - Mumbai, Chennai and Hyderabad - and are broadly structured into three units: Loan Acquisitions, Loan Servicing and Business Process and Excellence.

Wholesale Finance

The Wholesale finance business comprises infrastructure financing and non-infra wholesale financing through three lending entities - L&T Infrastructure Finance Company Limited, L&T FinCorp Limited and L&T Infra Debt Fund Limited.

Infrastructure Financing

Infrastructure financing is carried out through our wholly owned subsidiary, L&T Infrastructure Finance Company Limited (L&T Infra Finance).

FY14 has been yet another challenging year for the infrastructure sector. In addition to the macro-economic slowdown, there have been structural issues - supply bottlenecks, delayed statutory clearances, a slowdown in land acquisition and high policy uncertainty. This systemic malaise, along with high inflation and high interest rates, has cumulatively affected large capex-based infrastructure projects and the overall investment climate. As a result, there are a large number of stalled infrastructure projects across sectors in the country.

We expect, once the economic turnaround is sustained, a year of de-leveraging would help Indian infra players to get back into investment mode. In addition to this, government agencies owe large amounts to already beleaguered developers, adding to their woes.

The country has also seen the enactment of new legislation on land acquisition in January 2014 that emphasises compensation, rehabilitation and resettlement for land owners and users. This will increase the cost of acquisition and may cause delays in the process.

Infrastructure sectors

Thermal Power

Despite signing Power Purchase Agreements (PPAs) in a few states, domestic coal shortage and the financial woes of the electricity distribution companies (“discoms”) continue. However, the liquidity situation of discoms has been improving resulting from the implementation of financial restructuring packages.

On the backdrop of decelerating growth in the industrial sector, the demand for power has been impacted resulting in peak deficit coming down significantly. The reported deficit was mere 3.9% as on March 2014. The CCEA has approved a cost pass-through mechanism for imported coal for developers with long-term PPAs. This should bode well for the industry.

Renewable energy

FY14 saw a limited pipeline of new projects due to regulatory uncertainties over PPAs. There has been an upward revision of Renewable Purchase Obligations (RPO) limits and stricter enforcement is the need of the day to keep the investment flowing. Although there has been increased activity in the market, it is likely to slow down, owing to lack of long-term demand in the next few years.

Wind

States have been showing reluctance to sign PPAs although wind power generation is attaining maturity. Maharashtra saw as high as 800 MW of wind power installation in the last fiscal but the survival of these projects hinges on the execution of PPAs. Rajasthan, one of the front runners in wind power installation in the last few years, has not signed any PPA in FY14. Original equipment manufacturers (OEM) are struggling with their financial performance and hence project execution has become incrementally challenging.

Solar

JNNSM Phase – II (Jawaharlal Nehru National Solar Mission) is a positive move and is expected to give an additional thrust to the sector. The selection of projects under JNNSM resumes after about 2 years and has come as a relief for all the prospective bidders and other stakeholders who were going through a period of uncertainty. Overall, the sector lags far behind to utilize its full potential and would need large scale intervention from government bodies to incentivise investments on a sustained basis.

Roads

Developers’ over-leveraged balance sheets resulted in muted interest towards new BOT projects. NHAI awarded only eleven road projects (845 kms) till February 2014, of which only two were BOT. Award of new projects by NHAI has plummeted by ~6,000 km in FY11-12. The Roads regulator will likely perform the key functions of tariff setting, regulation of service quality, assessment of concessionaire claims, collection and dissemination of sector information, service-level benchmarks and monitoring compliance of concession agreements, among others.

Telecom

The Indian telecom sector is on the cusp of consolidation. However, the much-awaited M&A policy for the telecom sector has failed to excite the industry. The issue of spectrum

reframing - the auction of the entire 900MHz spectrum with GSM incumbents - is set for a long-drawn battle between the regulator and the telecom operators. The latest round of 2G spectrum auctions, early this year, has seen the government garnering over ₹ 60,000 crores, with aggressive bids specifically in the 900MHz band, which was in short supply.

Ports

The National Maritime Agenda 2010–20 outlines the framework for the development of the port sector with a target capacity of over 3 billion tonnes by 2020, largely through private sector participation. A move to the landlord or asset ownership model will increase the role for private sector participation. In January 2014, the government approved policy guidelines for land management by major ports, a move that would help them monetise excess holdings. These guidelines aim at optimum utilisation and optimum realisation of the value of land reserves by linking it with prevailing market rates available with major ports of the country.

Infrastructure Finance

Through our infrastructure finance business, we have developed a comprehensive service platform across various lines of business to create and offer appropriate financing solutions to a diverse set of customers. Being a specialist in infrastructure development, we have gradually expanded our service offerings from a pure lending arm in project finance to equity and debt syndication, investment banking, private equity and the Infrastructure Debt Fund (“IDF”).

During the year under review, the business focused on strengthening the portfolio and slowed down disbursements – as compared to earlier years, but maintained a steady growth. The aggregate portfolio of the wholesale lending platform recorded a growth of over 19% to ₹ 17,598 crores in FY 2013-14. The disbursement was spread across key infrastructure sectors including Conventional Power, Renewable Energy, Roads, Ports, SEZ & Industrial Parks, Telecommunications, Oil and Gas, Urban Infrastructure, etc.

Expansion of Non-Infra, Wholesale Business

L&T Infra Finance is an Infrastructure Finance Company (“IFC”) and by the virtue of the extant regulations, an IFC is required to maintain minimum 75% of the book towards infrastructure sector. Seeing the tremendous growth opportunities residing within the non-infra space, it was decided that non-infra project and corporate financing would be undertaken in L&T FinCorp Ltd. Non-Infra finance would primarily focus on providing financial assistance to a range of industry sectors in terms of project finance, corporate loans, etc

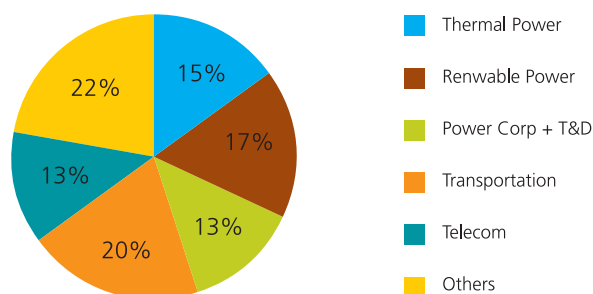
Another aspect of renewed strategy has been the increased focus towards low risk operational projects. The focus has largely been the result of changed business environment and emerging dynamics of IDF platform.

Risk and Asset Management

Sound risk management and balancing risk-reward trade-offs are critical to any lending business. Business and revenue growth have therefore to be weighed in the context of the risks implicit in the business strategy. Of the various types of risks, the infrastructure finance

business is exposed to, the most important are credit risk and market risk (which includes liquidity risk and price risk). The identification, measurement, monitoring and management of risks accordingly remain a key focus area. The business continues to lay emphasis on maintaining high standards of asset quality through risk management and mitigation practices that are actively focused on evaluations of credit, market and operational risk.

Composition of Loans Portfolio – As of 31st March 2014



The infrastructure finance business in FY14 has continued its commitment and focus on infrastructure sectors - comprising among other segments power, roads, telecom and airports. Given the continuing deficit in the power sector, it remains a priority sector for us in terms of exposure.

With challenges in the fuel and fuel logistics still continuing in FY14, the business consciously decided to calibrate its growth in the coal thermal sector and focus on emerging sectors like renewable energy as a way to maintain its presence in the power sector. The tilt towards renewable energy assets at 17% of total outstanding, which forms the single largest part of the power portfolio, is a conscious move and in tune with current market realities. A significant majority of renewable energy projects financed in FY13 and FY14 by the business have commenced commercial operations, thereby enhancing overall quality of the portfolio.

The business has continued its focus on the road sector, with emphasis on projects whose bid prices are assessed as reasonable. With not many road projects being bid out in FY14, the focus is more towards refinancing of operational road projects that were supported by healthy traffic and cash flows. A substantial 70% (% of outstanding) of road projects are operational and have demonstrated a steady growth in cash flows, backed by both traffic as well as the consequence of high inflation linked tolls. Annuity projects (which do not have any risks associated with traffic), also constitute a substantial portion of the roads portfolio.

Further, as a conscious strategy to enhance the overall portfolio quality, in FY14, the business also targeted a few corporate clients with better credit rating albeit offering relatively lower yields. This strategy was aimed at getting entry into the larger and better rated groups and will further help the business in diversifying its borrower and group base.

Concentration risk with respect to single borrower and single promoter groups remains comfortably low, with the top 10 borrowers and promoter groups constituting only 25% and 31% of the business's total exposure respectively as on 31st March, 2014.

Infrastructure Debt Fund: A strategic initiative

L&T Infra Debt Fund Limited (L&T IDF), sponsored by L&T Infra Finance, received its Certificate of Registration (CoR) from Reserve Bank of India (RBI)* (as an IDF-NBFC) in October 2013 and has thereafter commenced business.

*Statutory disclaimer: RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for repayment of deposits / discharge of liabilities by the company. Neither is there any provision in law to keep, nor does the company keep any part of the deposits with the Reserve Bank of India and by issuing the Certificate of Registration to the Company, the Reserve Bank neither accepts any responsibility nor guarantees the for the payment of the deposit amount to any depositor.

L&T IDF has received the highest domestic rating of AAA for its proposed issuance of non-convertible debentures from CRISIL and CARE and preference shares from CRISIL. L&T IDF has approved refinancing of debt with respect to several eligible road projects and is currently evaluating proposals across other PPP sectors. The IDF business provides significant synergies with other businesses of L&T Financial Services.

Financial Advisory Services

The Financial Advisory Services (FAS) Group at the infrastructure finance business was started in April 2008 to assist clients in formulating business plans by reviewing critical assumptions, identifying and evaluating various options for raising project finance, preparing deal collateral and arranging funds from the financial markets. The group generates fee income to complement the interest income of the institution and enables the business to offer total solutions to clients' needs, improving visibility in the competitive Project Finance market.

Product Offerings

The FAS Group has been focusing largely on project finance transactions and has successfully raised more than ₹ 30,000 crores from financial markets to date, in various sectors including roads, ports, power, telecom and mining. The service portfolio includes:

- Pre-Bid Advisory
- Project Finance advisory
- Bank Loan Syndication
- Bond Placement
- Structured Finance and Debt Syndication across both infrastructure and non-infrastructure
- Private Equity Syndication and M&A advisory

Equity

Our objective of setting up a Private Equity Asset Management platform gathered further momentum during the course of the year. Several nationalised banks and an insurance institution have already committed funds in the first closing on the domestic front, while due

diligence efforts have been initiated by anchor investors on the overseas front. Since the first closure of the domestic fund, investment activity is in focus and the fund has already called capital and invested in two infrastructure companies.

Treasury

In FY14, the liability book of Wholesale Finance has grown from ₹ 12,558 crores to ₹ 15,703 crores at a growth rate of 25% over the last year. In FY14, we were able to capitalise on the opportunities afforded by the market by successfully raising funds through debentures' placements for long tenor with Foreign Financial Institutions (FIs) and Domestic Financial Institution (FIs) – apart from accessing loans from the banking system. The infrastructure finance business was also able to raise funds through long term debentures placement with pension funds at a competitive cost capitalising on the entity's Public Financial Institution (PFI) status. The business has also successfully done its first Perpetual Debt issue of ₹ 50 crores, which was well received through subscription done by Insurance/PFs/Pension fund.

Investment Management Business

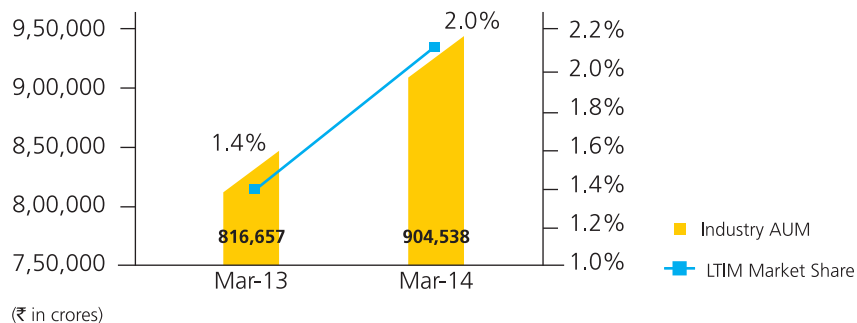
The Investment Management business of the Company is carried out through L&T Investment Management Limited (LTIM), a wholly owned subsidiary. During the financial year, L&T Mutual Fund was one of the fastest growing fund houses in the Indian mutual fund industry. This growth was achieved on the back of improved fund performance, effective cost management, strong risk management and significantly improved customer and distributor engagement.

The Indian mutual fund industry grew by 11% with average assets under management closing at ₹ 904,538 crores as at March 2014 versus ₹ 816,657 crores for March 2013. (Source: www.amfiindia.com)

Performance

L&T Mutual Fund's assets grew 63% to ₹ 18,255 crores as at March 31, 2014 versus ₹ 11,170 crores last year. The number of investor folios stood close to 8,00,000. Our share of net sales in fixed income as a percentage of the industry stood at 11%. Net sales in the bond fund and short term fund segments grew at a healthy pace whereas the industry witnessed negative net sales in this category. Moreover, despite the volatility seen in equities, the equity redemption rate was 2.9%, versus the industry redemption rate of 4.8%.

Closing AUM

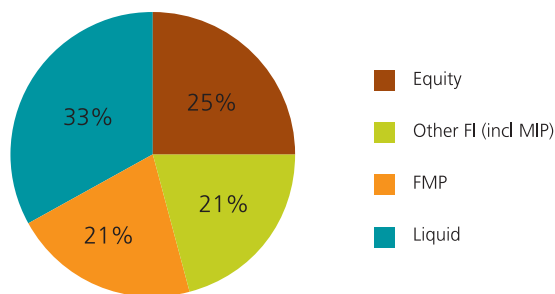


Most of our funds consistently outperformed their benchmarks across 1, 3 and 5 years period. In particular, over the financial year, 11 out of 13 equity oriented schemes were in the top two quartiles. Among these, 5 schemes were the in top quartile. In the fixed income segment, 6 out of 11 schemes were in the top 2 quartiles and 2 schemes among these were in the top quartile.

During the year, LTIM undertook many notable initiatives. It completed 51 Investor Awareness and 283 Distributor Training programmes across cities. It introduced a new service called "Multi-Scheme SIP", launched a Facebook page, a tablet application for the distributor fraternity called "I-advise" and initiated a unique investor education programme. Moreover, the business achieved break-even for the financial year led by asset growth and tight cost control.

These initiatives combined with strong investment performance resulted in an increase in market share from 1.6% in March 2013 to 2.2% in March 2014, industry ranking improved by three notches - from No.16 to No.13.

AUM Asset Mix



Wealth Management Business

Our Wealth Management business is carried out through L&T Capital Markets Limited, a wholly owned subsidiary of the Company.

Our economy has shown rapid growth over the previous two decades. The effects of corrective policy measures over 2013 - 2014 and steps to improve the business environment combined with steady improvement in the external environment are beginning to reveal improving macro stability indicators.

The combined wealth of the Indian HNWIs is predicted to grow by around 44% during 2014 - 2018 and is likely to climb to almost USD 2 trillion by the end of the period. During the same period, the number of Indian HNWIs is forecast to touch 358,057 – which is 34% growth. Robust growth in the Indian HNWI wealth will be driven by the increase of the country's GDP, providing a significant business opportunity.

Performance

After being set up in 2012 - 2013, L&T Capital Markets Limited has demonstrated rapid growth and now has over 1500 HNWI customers across the country. The business has a presence in Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Ahmedabad, Baroda and Pune and has assets under service of over ₹ 5000 crores. The business has been built on the fundamental tenets of client centricity, intellectual property and execution efficiency and has over 60 relationship managers serving customers.

Consolidated Performance

Income

On a consolidated basis, L&T Finance Holding's income increased by 31% from ₹ 3,994.79 crores in FY13 to ₹ 5,237.18 crores in FY14. Operating income increased by 28% from ₹ 3,943.09 crores in FY13 to ₹ 5,055.94 crores in FY14 and the interest income on loans and advances increased by 28% from ₹ 3,719.12 crores in FY13 to ₹ 4,762.42 crores in FY14. This increase was primarily the result of a 20% increase in the loans and advances made by L&T Finance Holdings from ₹ 32,199.94 crores as on March 31, 2013 to ₹ 38,697.15 crores as on March 31, 2014. In addition, lease income increased by 10% from ₹ 99.98 crores in FY13 to ₹ 109.49 crores in FY14. Fee income from various activities, mainly advisory and investment management increased by 65% from ₹ 77.70 crores in FY13 to ₹ 127.98 crores in FY14.

Expenditure

Total expenditure increased by 37% from ₹ 3,224.18 crores in FY13 to ₹ 4,412.30 crores in FY14. Finance cost increased by 32% from ₹ 2,328.62 crores in FY13 to ₹ 3,073.88 crores in FY14 primarily as a result of increase in borrowings due to higher volumes of business. Operating expenses increased by 58% from ₹ 352.47 crores in FY13 to ₹ 558.53 crores in FY14 substantially on account of brand campaigns, brokerage & services charges, professional fees, bank charges, rent and brand license fees. Allowances and write-offs increased by 56% from ₹ 273.10 crores in FY13 to ₹ 426.11 crores in FY14 mainly on account of higher provisioning.

Profit

For the reasons stated above, L&T Finance Holdings' profit before exceptional items and tax increased by 7% from ₹ 770.61 crores in FY13 to ₹ 824.88 crores in FY14. Profit after tax excluding exceptional items increased by 7% from ₹ 558.00 crores in FY13 to ₹ 596.89 crores. Profit growth was muted due to higher credit costs on account of provisioning. Profit after exceptional items and before tax dropped by 17 % from ₹ 988.61 crores in FY13 to ₹ 824.88 crores in FY14 as FY13 included exceptional items of ₹ 217.99 crores, substantially pertaining to sale of investments held outside the group. Profit after exceptional items and tax dropped by 18 % from ₹ 730.47 crores in FY13 to ₹ 596.89 crores in FY14 due to the same reason.

Standalone Performance

On a standalone basis, L&T Finance Holding's income increased from ₹ 200.67 crores in FY13 to ₹ 291.23 crores in FY14, primarily as a result of increased dividend income from subsidiaries. Operating income increased from ₹ 171.98 crores in FY13 to ₹ 257.57 crores in FY14. Total expenditure increased from ₹ 68.94 crores in FY13 to ₹ 94.33 crores in FY14 substantially on account of finance cost for funding the Company's operations and expenses on branding. Profit after tax excluding exceptional items increased from ₹ 122.74 crores in FY13 to ₹ 196.38 crores in FY14. Profit after tax including exceptional items decreased from ₹ 311.33 crores in FY13 to ₹ 196.38 crores in FY14 due to exceptional items of ₹ 235.73 crores in FY13, pertaining mainly to profit on sale of investments held outside the group.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Directors' Report

Dear Members,

The Directors of your Company take pleasure in presenting the Sixth Annual Report together with the annual audited statement of accounts for the financial year ended March 31, 2014.

Financial Results

The summarized financial results of the Company are given hereunder:

(₹ in Lakhs)

Particulars	2013-14	2012-13
Total Income	29,122.67	20,067.22
Less: Total Expenses	9,433.44	6,894.06
Profit before Exceptional Items	19,689.23	13,173.16
Exceptional items *	-	23,572.92
Profit before Tax	19,689.23	36,746.08
Less: Tax Expense	50.92	5,613.56
Profit after Tax	19,638.31	31,132.52
Add: Balance brought forward from previous year	17,698.51	5,933.84
Balance Available	37,336.82	37,066.36
Appropriations		
Statutory Reserve	3,928.00	6,250.00
Proposed Dividend on Preference Shares	-	150.00
Proposed Dividend on Equity Shares	12,888.37	12,875.70
Dividend paid for previous year	1.29	-
Dividend Distribution Tax on proposed dividend / dividend paid	3.38	92.15
Interim Dividend on Preference Shares	7,597.50	-
Surplus in the Statement of Profit and Loss	12,918.28	17,698.51

* Exceptional items represent profit on sale of investments net of costs related to integration of acquired entities.

Appropriations

The Company proposes to transfer ₹ 3,928.00 lakhs (Previous year ₹ 6,250.00 lakhs) to Special Reserve created u/s 45-IC of the Reserve Bank of India Act, 1934.

The Company proposes to transfer ₹ 12,888.37 lakhs (Previous year ₹ 12,875.70 lakhs) to Dividend Account towards payment of proposed dividend on Equity Shares and ₹ 3.38 lakhs (Previous year ₹ 92.15 lakhs) towards payment of Dividend Distribution Tax (including for dividend paid for the previous year) on the proposed dividend and retain ₹ 12,918.28 lakhs (Previous year ₹ 17,698.51 lakhs) in the Statement of Profit and Loss of the Company.

Dividend

The Board of Directors had declared and paid an interim dividend @ 8.75% (two series) and 9.00% per share (on pro-rata basis for the issuance made during the year) as applicable, on the three series of Cumulative Compulsorily Redeemable Preference Shares of face value of ₹ 100/- each of the Company for the financial year 2013-14, entailing an outflow of ₹ 7,597.50 lakhs (excluding Dividend Distribution Tax).

The Directors are also pleased to recommend a final dividend of ₹ 0.75 per Equity Share of face value of ₹ 10/- each for the financial year 2013-14, entailing an outflow of ₹ 12,888.37 lakhs (excluding Dividend Distribution Tax).

The dividend, if approved at the ensuing Annual General Meeting, would be paid to those members whose name appear in the Register of Members/Beneficial Holders as on July 21, 2014.

Consolidated Financial Statements

The Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Equity Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard. The Auditors' Report to the Shareholders thereupon does not contain any qualification.

- Total income grew by 31% from ₹ 3,99,479.32 lakhs in FY 2012-13 to ₹ 5,23,718.42 lakhs in FY 2013-14.

- Profit before exceptional and extraordinary items and taxes has grown from ₹ 77,061.47 lakhs in FY 2012-13 to ₹ 82,488.07 lakhs in FY 2013-14.
- Profit After Tax (PAT) was ₹ 59,484.16 lakhs in FY 2013-14 compared to ₹ 72,918.77 lakhs in FY 2012-13 due to exceptional income in FY 2012-13 and higher credit costs in the year under review, mainly due to the economic scenario affecting the infrastructure and other corporate sectors.

During the year, the loan book size grew from ₹ 32,20,000.00 lakhs to ₹ 38,96,714.04 lakhs reflecting a growth of 20%.

The Average Assets Under Management (AAUM) of the Mutual Fund business stood at ₹ 18,25,518.65 lakhs for the quarter ended March 31, 2014 as against ₹ 11,16,937.84 lakhs for the quarter ended March 31, 2013, a growth of 63%.

Share Capital

During the year under review, to fund the capital requirements of the subsidiaries from time to time, your Company has issued 2,50,00,000 Listed 9% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of Face Value ₹ 100/- each for cash at par aggregating ₹ 25,000.00 lakhs on private placement basis. The said shares were issued in accordance with the SEBI (Issue and Listing of Non-convertible Redeemable Preference Shares) Regulations, 2013 (SEBI Regulations). The Preference Shares issued by your Company are the first such instruments to be issued on a private placement basis and listed pursuant to SEBI Regulations.

During the year, the Company has issued in total 16,88,443 Equity Shares to employees of the Company and its Subsidiary companies pursuant to their exercise of stock options under ESOP Scheme - 2010.

Pursuant to the above issue of Preference Shares and allotment of Equity Shares pursuant to exercise of employee stock options, the paid-up capital of your Company increased to ₹ 2,71,844.90 lakhs (including Preference Share Capital of ₹ 1,00,000.00 lakhs) as at March 31, 2014 from ₹ 2,46,676.05 lakhs as at March 31, 2013.

Investment in Subsidiaries

During the year under review, your Company has infused capital in its following subsidiaries by subscribing to the equity shares offered by them :

Name of subsidiary company	Amount of capital subscribed (₹ in lakhs)
L&T FinCorp Ltd.	25,000.00
L&T Housing Finance Ltd.	15,000.00
Family Credit Ltd.	10,000.00
L&T Infra Debt Fund Ltd.	7,100.00
L&T Vrindavan Properties Ltd. (formerly L&T Unnati Finance Ltd.)	1,425.00
L&T Capital Markets Ltd.	1,420.00
L&T Mutual Fund Trustee Ltd.	10.00

Registration as Core Investment Company

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

Statutory Disclaimer

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

Fixed Deposits

The Company has not accepted any deposits from the public since inception.

Directors

During the year, Mr. R. Gopalakrishnan, Mr. Subramaniam N. and Mr. M. Venugopalan resigned from the Board of

Directors and accordingly ceased to be Directors of your Company with effect from August 1, 2013. The Board places on record its appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

Prior to the coming into force of Section 149 of the Companies Act, 2013, six of the Company's Directors, Mr. A. K. Jain, Mr. B. V. Bhargava, Mr. S. V. Haribhakti, Mr. P. V. Bhide, Mr. Harsh Mariwala and Ms. Kamakshi Rao were categorised as Independent Directors in terms of the definition contained in the Equity Listing Agreement.

The provisions of Section 149(4) of the Companies Act, 2013, pertaining to the appointment of Independent Directors have been notified by the Ministry of Corporate Affairs with effect from April 1, 2014. Pursuant to the coming into force of Section 149 of the Companies Act, 2013, from April 1, 2014, the Company has re-assessed the status of its Directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Companies Act, 2013. Accordingly, Mr. B. V. Bhargava, Mr. S. V. Haribhakti, Mr. P. V. Bhide, Mr. Harsh Mariwala and Ms. Kamakshi Rao fulfil the criteria laid out in Section 149(6) of the Companies Act, 2013, in this regard.

Section 149(10) of the Companies Act, 2013, restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. The revised Clause 49 of the Equity Listing agreement issued by Securities and Exchange Board of India (SEBI), pursuant to Circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, also contains the same provisions. Mr. B. V. Bhargava, Mr. S. V. Haribhakti, Mr. P. V. Bhide and Ms. Kamakshi Rao retire by rotation at the forthcoming Annual General Meeting (AGM) and, they, being eligible, have offered themselves for appointment as Independent Directors of your Company pursuant to the provisions of the Companies Act, 2013, to hold office for a period upto March 31, 2019.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, read with the relevant provision in the Articles of Association, Mr. Harsh Mariwala was appointed as an Additional Director by the Board of

Directors of the Company with effect from October 23, 2013. He holds office as a Director up to the date of the forthcoming AGM. Your Company has received a notice in writing from a Member proposing his candidature for the office of Independent Director. Mr. Mariwala qualifies to be an Independent Director pursuant to the provisions of Section 149(6) of the Companies Act, 2013.

Additional Information and brief profile, as stipulated under the Equity Listing Agreement for each of the above Directors seeking re-appointment / appointment, is annexed to the Notice of the AGM. Further, the business items relating to the re-appointment / appointment of above Directors have been included in the Notice of the AGM.

Employee Stock Option Scheme

The disclosures required to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, together with a certificate obtained from the Statutory Auditors, confirming compliance thereto, are provided in Annexure A forming part of this Report.

The Company has also instituted a revised Employee Stock Option Scheme of the Company, known as Employee Stock Option Scheme – 2013 (ESOP Scheme – 2013), which was approved by the Members vide postal ballot in Apr'14.

Report on Corporate Governance and Management Discussion & Analysis

The report on Corporate Governance and Management Discussion & Analysis for the year under review, are forming part of the Annual Report. The certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Corporate Governance Report.

Statutory Auditors

The Auditors, M/s. Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

The Ministry of Corporate Affairs has notified the provisions of Section 139 of the Companies Act, 2013,

for appointment of Auditors, which is effective from April 1, 2014. Pursuant to Section 139(2) of the Companies Act, 2013 and the rules made thereunder, no listed company shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, the aforesaid appointment is subject to ratification by the Members of the Company at every AGM.

The period of ten years (two terms of five years each) has to be calculated from the date of appointment of the auditors. Further, the proviso to said Section 139(2) stipulates that every company existing on or before the commencement of the Companies Act, 2013, has to comply with the requirements of this section within three years from the date of commencement of this Act. M/s. Sharp & Tannan has already served as Statutory Auditors of the Company for a term of five years.

Pursuant to Section 139(2) of the Companies Act, 2013, the Audit Committee and Board of Directors of the Company have recommended their appointment for a period of one year i.e from the conclusion of the Sixth AGM till the conclusion of the Seventh AGM, subject to approval of the Members in the AGM of the Company. M/s. Sharp & Tannan have confirmed that their re-appointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Companies Act, 2013.

Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the Annexure II to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the aforesaid information. The said Annexure is available for inspection at the registered office of the Company. Any shareholder interested in the said information may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In view of the nature of activities being carried on by the Company, Rules 2A and 2B of the Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings during the year (Previous year ₹ Nil); the foreign exchange used by the Company during the year was ₹ 196.48 lakhs (Previous year ₹ 168.11 lakhs) towards professional fees, Directors' sitting fees and travelling expenses.

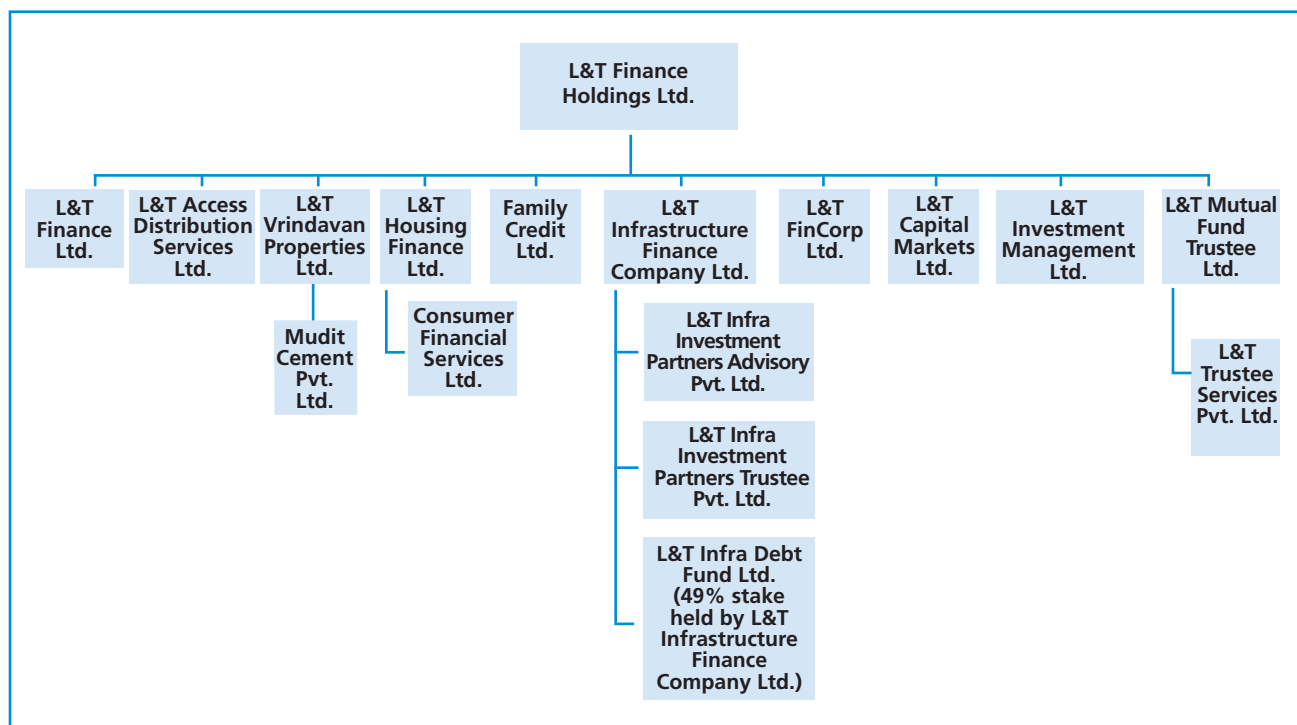
Depository System

As the Members are aware, the Company's equity shares are compulsorily tradable in electronic form. As on March 31, 2014, out of the Company's total equity paid-up capital comprising of 1,71,84,48,975 shares, only 14,915 shares were in physical form and the remaining capital is in electronic form. In view of the numerous advantages offered by the Depository system, the Members holding shares in physical form are advised to avail of the facility of dematerialization.

Subsidiary Companies

As of March 31, 2014, the Company had 16 subsidiaries (including step down subsidiaries), which is summarized in the diagram below:

As per the provisions of Section 212 of the Companies Act, 1956, the Company is required to attach, inter alia, the Directors' Report, Balance Sheet and Statement of Profit and Loss of the subsidiaries to its annual report. The Ministry of Corporate Affairs, Government of India vide its circular No. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with the provisions of Section 212 subject to fulfillment of certain conditions as mentioned in the said circular. Accordingly, the annual report of the Company for the FY 2013-14 does not contain the financial statements of the subsidiaries. As required under the aforesaid circular, the consolidated financial statements of the Company duly audited by the statutory auditors form part of this Annual Report. Your Company shall make available the audited annual accounts and related information of its subsidiaries, to those members who wish to have copies of the same and these documents will also be kept open for inspection by any member at the Registered Office of the Company on any working day, except on Saturdays,



Sundays & Holidays between 11.00 a.m. and 1.00 p.m. up to the date of the ensuing Annual General Meeting.

During the year under review, as part of management restructuring exercise, L&T Fund Management Pvt. Ltd. (erstwhile FIL Fund Management Private Ltd.) was merged with L&T Investment Management Ltd. in order to create better synergies across the group, optimal utilisation of resources and reduction in regulatory and legal compliances/filings.

The Scheme of Arrangement has been sanctioned by the Honorable High Court of Judicature at Bombay vide its Order dated October 25, 2013.

Directors' Responsibility Statement

The Board of Directors of the Company confirms that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments

and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;

- 3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts have been prepared on a going concern basis; and
- 5) proper systems are in place to ensure compliance of all laws applicable to the Company.

Auditors' Report

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

Reserve Bank of India Regulations

The Company has complied with all the applicable regulations of the Reserve Bank of India as on March 31, 2014.

Acknowledgement

Your Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support

extended by the Company's stakeholders and trust reposed by them in your Company. Your Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Y. M. Deosthalee
Chairman & Managing
Director

N. Sivaraman
President &
Whole-time Director

Place : Mumbai
Date : April 23, 2014

Annexure 'A' to Directors' Report

Information required to be disclosed under SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999

Employee Stock Option Scheme 2010 (ESOP Scheme 2010)

The Company has formulated Employee Stock Option Scheme 2010 (ESOP Scheme - 2010) in the FY 2010-11. The Scheme is designed to provide stock options to employees of the Company, its subsidiaries and holding company.

This scheme was subsequently ratified by the Shareholders pursuant to Clause 22.2A and all other applicable provisions of SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time. Relevant disclosures are as follows:

Summary of ESOP Disclosure

A	Options Granted	17,548,500
B	Pricing Formula	At a price not below the face value of the equity share and not exceeding the issue price of IPO where the grant is made prior to listing, and at a price not below the face value of the equity share and not exceeding the market price as per SEBI (ESOP & ESPS) guidelines where the grant is made after listing on such terms & conditions as the Board/ Nomination & Remuneration Committee may decide.
C	Options vested	6,942,616
D	Options exercised	3,719,188
E	Total no. of shares arising as a result of exercise of option	3,719,188
F	Options lapsed and/or withdrawn	4,722,687
G	Variation of terms of options	NA
H	Money realised by exercise of options	₹ 1,64,388,110
I	Total number of options in force:	
	Vested	2,839,131
	Unvested	6,267,494
	Total	<u>9,106,625</u>
J	Employee-wise details of options granted to:	
	i. Senior Managerial Personnel	None
	ii. Any other employee who receives a grant in any one year of options amounting to 5% or more of option granted during that year.	None
	iii. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
K	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option	₹ 0.70

L	Disclosure Regarding the Compensation Cost	For calculation of Employee Compensation costs, the Company has been using the intrinsic value method of ESOP valuation (as per SEBI Guidelines). Based on fair value of options as per the Black-Scholes Model, the profits for the year ended March 31, 2014 would have been lower by ₹ Nil (excluding ₹ 183.21 lakhs on account of grants to employees of subsidiary companies (Previous year lower by ₹ Nil). Consequently, the basic and Diluted EPS would have been lower by ₹ Nil (Previous year lower by ₹ Nil) and ₹ Nil (Previous year lower by ₹ Nil) respectively.
M	Weighted average exercise price and Weighted average fair values	Weighted average exercise prices of the options outstanding as at the year end ₹ 44.20 Weighted average fair value of options outstanding as at the year end ₹ 34.53
N	The description of the method and significant assumptions used during the year to estimate the fair value of the options	I. Risk-free interest rate – This is the rate offered in the market with virtually zero risk. Normally the yield of Government backed securities with maturity similar to that of the option is taken into consideration. II. Expected life – Full life of the option is the period up to which it can be exercised. III. Expected volatility – Calculated by using the closing market prices of the Company's Shares during the last one year. IV. Expected dividends – Yield has been calculated on the basis of dividend yield of the financial year. V. The price of underlying shares in market at the time of option grant – closing market price on previous trading day on which the warrants are allotted on the Stock Exchange where the volume of shares traded is more.

Auditors' Certificate on Employee Stock Option Scheme

We have examined the books of accounts and other relevant records and based on the information and explanations given to us, certify that in our opinion, the Company has implemented the Employee Stock Option Scheme in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Resolution of the Company in General Meeting held on November 29, 2010.

Further, the Scheme was ratified by the shareholders of the Company through Postal Ballot on June 14, 2012.

SHARP & TANNAN

Chartered Accountants

Firm Registration No: 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership No: 38332

Mumbai, April 23, 2014

Annexure 'B' to Directors' Report

Report on Corporate Governance

A. Company's Philosophy on Corporate Governance

The Company's policy on Corporate Governance is shaped by the twin objectives of transparency and fairness in its business dealings and an adequate system of checks and controls to ensure that executive decisions benefit all stakeholders. The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to provide management with the strategic direction needed to create long-term shareholders' value. The Company has always worked towards building trust with the shareholders, employees, customers, suppliers and other stakeholders. The Company believes that good Corporate Governance is dependent on transparency backed by appropriate disclosures, unbiased monitoring and being fair to all including shareholders, especially minority shareholders.

B. Board of Directors

1) Composition of the Board:

The Company's Board of Directors ('the Board') is the guardian of fairness, transparency and accountability and provides appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of Corporate Governance. The Board also provides directions and exercises appropriate control to ensure that the Company fulfils stakeholders' aspirations and societal expectations.

Commensurate with the size of the Company, complexity and nature of various underlying businesses, the Board of your Company consists of persons having professional background, varied experience, knowledge and commitment to discharge their responsibilities and duties. Considering the nature and complexities of business, the size of the Board is optimal. The Company's Board plays a pivotal role in creation of stakeholder value by ensuring that the Company is run on sound ethical business practices and that the resources of the Company are optimally used. The Board reviews and approves the strategy and monitors the actions of the management.

The Board comprises Mr. Y. M. Deosthalee, Chairman & Managing Director, Mr. N. Sivaraman, President & Whole-time Director and seven Non-Executive Directors.

Mr. R. Shankar Raman, a Non-Executive Director, is the Chief Financial Officer and a member of the Board of

Directors of Larsen & Toubro Limited, the holding company of the Company. Mr. A. K. Jain, Mr. S. V. Haribhakti, Mr. B. V. Bhargava, Mr. P. V. Bhide, Ms. Kamakshi Rao and Mr. Harsh Mariwala were Independent Directors as defined in Clause 49 of the Equity Listing Agreement for the year ended March 31, 2014. Mr. A. K. Jain is also a member of the Board of Directors of Larsen & Toubro Limited. Mr. S.V. Haribhakti, Mr. B.V. Bhargava, Mr. P.V. Bhide, Ms. Kamakshi Rao and Mr. Harsh Mariwala would be seeking appointment as Independent Directors at the said Annual General Meeting.

With six Independent Directors on the Board during the year under review, the Company has met the spirit of Corporate Governance more than that mandated by the law.

2) Board Procedure:

The Board meetings of the Company as well as of its subsidiaries are scheduled in advance and the notice of each such meeting is communicated in writing to their respective Directors. To consider any specific/ urgent agenda, urgent meetings are called at a shorter notice. In case of exigencies or urgency, resolutions are also passed by circulation in due compliance with the applicable provisions of the Companies Act, 1956.

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 as approved by the Chairman 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 decision. Where it is not practicable to circulate any document or if the agenda is of the confidential nature, the same is tabled at the meeting without written material being circulated. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the chair. Senior Management Personnel are invited to the Board meeting to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The Board members interact with Chief Executives of the various operating subsidiary companies frequently at the Board meetings and offsite meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board/Committee Agenda.

The Directors of the Company receive the Agenda in electronic form through this application. 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 Minutes of the proceedings of the meetings of the Board of Directors are noted and the draft Minutes are circulated amongst the members of the Board for their perusal. Comments, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairman. The Minutes are approved by the members of the Board prior to the next meeting and confirmed thereat.

3) Meetings & Attendance:

During the financial year ended March 31, 2014, seven Board meetings were held on April 25, 2013, June 29, 2013, July 23, 2013, October 23, 2013, November 7, 2013, January 23, 2014 and March 21, 2014. The meetings of the Board are generally held at its Corporate Office at City-2, Plot No. 177, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai – 400098.

The attendance of the members of the Board at the meetings held during the year and at the last Annual General Meeting (AGM) and also the number of other Directorships & Memberships/Chairmanships of Committees as on March 31, 2014 is as follows:

Name of the Director	Nature of Directorship	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other Public companies#	No. of Committee Memberships (Including in the Company)##	
						Member	Chairman
Mr. Y. M. Deosthalee	CMD	7	7	Present	8	4	2
Mr. N. Sivaraman	WTD	7	7	Present	9	5	-
Mr. R. Shankar Raman	NED	7	6	Present	9	9	1
Mr. A. K. Jain	ID	7	7	Present	2	2	1
Mr. S. V. Haribhakti	ID	7	7	Present	11	7	5
Mr. B. V. Bhargava	ID	7	6	Absent	6	7	4
Mr. P. V. Bhide	ID	7	7	Present	6	7	1
Ms. Kamakshi Rao	ID	7	2	Present	-	-	-
Mr. Harsh Mariwala*	ID	7	2	NA	5	1	1
Mr. Subramaniam N.@	ID	7	3	Present	--	--	--
Mr. M. Venugopalan@	ID	7	1**	Present	--	--	--
Mr. R. Gopalakrishnan@	ID	7	0	Absent	--	--	--

Directorships in Foreign companies, Private Limited companies, companies under Section 25 of the Companies Act, 1956 and companies in which the Director holds office as an Alternate Director are excluded for the above purpose.

Memberships include Chairmanships. Only memberships of Audit Committee and Shareholders' Investors' Grievance Committee are considered.

* Appointed as an Additional Director with effect from October 23, 2013.

** Excluding one meeting attended through video conferencing.

@ Ceased to be a director with effect from August 1, 2013.

CMD – Chairman & Managing Director WTD – Whole-time Director

NED – Non-Executive Director ID – Independent Director

- None of the above Directors is related inter-se.
- The Committee Chairmanships/Memberships are within the limits laid down in Clause 49 of the Equity Listing Agreement.

All the Independent Directors have confirmed to the Board that they qualify to be independent as per the definition of 'Independent Director' stipulated in Clause 49 (I)(A)(iii) of the Equity Listing Agreement. These confirmations are placed before the Board meeting on an annual basis.

4) Information to the Board:

The Board of Directors has complete 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.
- Financing plans of the Company.
- Minutes of meetings of the Board of Directors and Committees of the Board.
- Minutes of the Board Meetings of material subsidiaries.
- Details of potential acquisitions or collaboration agreement.
- Material default, if any, in financial obligations to and by the Company or substantial non-payment for services rendered, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

5) Post-meeting internal communication system:

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

C. Board Committees

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 Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. All business transacted by the Board Committees are placed before the Board for noting.

The Board has currently established the following Committees:

- Audit Committee
- Shareholders'/Investors' Grievance Committee

- Nomination & Remuneration Committee
- Committee of Directors
- Asset Liability Management Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

1) Audit Committee

i) Terms of reference:

The role of the Audit Committee includes the following:

- Holding discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review of the quarterly, half yearly and annual financial statements before submission to the Board and also ensuring compliance with internal control systems;
- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;
- Approving of payment to statutory auditors for other services of non-routine and material nature rendered by them;
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956; changes, if any, in accounting policies and practices and reasons for the same; major accounting entries involving estimates based on the exercise of judgment by the management; significant adjustments made in the financial statement arising out of audit findings; compliance with listing and other legal requirements relating to financial statements; disclosure of any related party transactions & qualifications, if any, 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, monitoring the utilisation of proceeds of a public or rights issue, reviewing the report submitted by the monitoring agency, and making appropriate recommendations to the Board;

- Reviewing, with the management, performance of statutory & internal auditors and adequacy of the internal control systems;
- Reviewing the adequacy of the internal audit function, 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;
- Discussing with the internal auditors on any significant findings and follow up thereon;
- 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;
- Discussing 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 debenture holders, shareholders (in case of non- payment of declared dividends) and creditors, if any; and
- Review of information as prescribed under Clause 49 of the Equity Listing Agreement.

ii) Composition:

The Audit Committee of the Board as on March 31, 2014 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairman	Independent
Mr. B. V. Bhargava	Member	Independent
Mr. R. Shankar Raman	Member	Non-Executive

iii) Meetings & Attendance:

The Committee met five times during the year on

April 25, 2013, July 23, 2013, October 23, 2013, November 7, 2013 and January 23, 2014. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	5	5
Mr. B. V. Bhargava	5	5
Mr. R. Shankar Raman	5	5

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

iv) Internal Audit:

The Internal Audit department of L&T Finance Limited, a wholly-owned subsidiary of the Company, provides internal audit services to the Company.

2) Shareholders'/Investors' Grievance Committee

i) Terms of reference:

The role of the Shareholders'/ Investors' Grievance Committee includes the following:

- Review of cases for refusal of transfer/ transmission of shares and debentures;
- Considering and resolving the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.;
- Reference to statutory and regulatory authorities regarding investor grievances; and
- Providing guidance and making recommendations to improve investor service levels for the investors.

ii) Composition:

The Shareholders'/ Investors' Grievance Committee of the Board as on March 31, 2014 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. A. K. Jain	Chairman	Independent
Mr. Subramaniam N.*	Member	Independent
Mr. P. V. Bhide @	Member	Independent
Mr. R. Shankar Raman	Member	Non-Executive

**Ceased to be a Member of the Committee with effect from July 24, 2013.*

@Appointed as a Member of the Committee with effect from July 24, 2013.

iii) Meetings & Attendance:

The Committee met four times during the year on April 25, 2013, July 23, 2013, October 23, 2013 and January 23, 2014. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. A. K. Jain	4	4
Mr. Subramaniam N.*	4	2
Mr. P. V. Bhide @	4	2
Mr. R. Shankar Raman	4	4

*Ceased to be a Member of the Committee with effect from July 24, 2013.

@Appointed as a Member of the Committee with effect from July 24, 2013.

iv) Details of Shareholders' Requests/Complaints:

During the year under review, the Company has resolved investor grievances expeditiously. During the year under review, the Company/its Registrar 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 Balance	Received	Resolved	Pending
Complaints :				
SEBI/Stock Exchanges*	Nil	16	15	1#
Queries :				
Transmission/Transfer	Nil	1	1	Nil
Demat/Remat	Nil	24	24	Nil

*SEBI – 11 (1 Pending), Stock Exchange – 5

Subsequently resolved

Pursuant to the coming into force of Section 178 of the Companies Act, 2013, from April 1, 2014, the Company has co-designated the Committee as "Stakeholders Relationship Committee" with a view to comply with the provisions of the Companies Act, 2013, as well as the Clause 49 of the Equity Listing Agreement.

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 eight meetings during the year for conducting the business delegated to it.

3) Nomination & Remuneration Committee

i) Terms of reference:

The role of the Nomination & Remuneration Committee includes the following:

- To review the overall compensation policy, service agreements and other employment conditions of Executive Directors and Senior Executives just below the Board of Directors and make appropriate recommendations to the Board of Directors;
- To review the overall compensation policy for Non-Executive Directors and Independent Directors and make appropriate recommendations to the Board of Directors;
- To make recommendations to the Board of Directors on the increments in the remuneration of the Directors;
- To assist the Board in developing and evaluating potential candidates for Senior Executive positions and to oversee the development of executive succession plans;
- To review and approve on an annual basis the corporate goals and objectives with respect to compensation for the Senior Executives and make appropriate recommendations to the Board of Directors;
- To evaluate at least once in a year the Senior Executive Officer's performance in the light of these established goals and objectives and based on these evaluations, set the Senior Executive Officer's annual compensation, including salary, bonus and equity and non-equity incentive compensation;
- To review and make appropriate recommendations to the Board of Directors on an annual basis, on the evaluation process and compensation structure for the Company's officers just below the level of the Board of Directors;
- To evaluate the performance of the Company's Senior Executives just below the level of the Board of Directors and to recommend to the Board of Directors the annual compensation, including salary, bonus and equity and non-

equity incentive compensation, for such Senior Executives, based on initial recommendations from the Managing Director;

- To provide oversight of management's decisions concerning the performance and compensation of other officers of the Company;
- To review incentive compensation arrangements to confirm that incentive pay does not encourage unnecessary risk taking and to review and discuss, at least annually, the relationship between risk management policies and practices, corporate strategy and Senior Executive compensation;
- To maintain regular contact with the leadership of the Company, including interaction with the Company's human resources department, review of data from the employee survey and regular review of the results of the annual leadership evaluation process; and
- To formulate the Employee Stock Option Scheme (ESOS), decide the terms and conditions, make appropriate recommendations to the Board of Directors and administer and superintend ESOS.

ii) Composition:

The Nomination & Remuneration Committee of the Board as on March 31, 2014 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairman	Independent
Mr. Subramaniam N.*	Member	Independent
Mr. M. Venugopalan*	Member	Independent
Mr. Y. M. Deosthalee	Member	CMD
Mr. P. V. Bhide @	Member	Independent

**Ceased to be a Member of the Committee with effect from July 24, 2013.*

@Appointed as a Member of the Committee with effect from July 24, 2013.

iii) Meetings & Attendance:

The Committee met six times during the year on April 25, 2013, July 23, 2013, August 1, 2013, September 2, 2013, October 21, 2013 and January 23, 2014. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	6	6
Mr. Subramaniam N.*	6	2
Mr. M. Venugopalan*	6	1
Mr. Y. M. Deosthalee	6	6
Mr. P. V. Bhide@	6	4

**Ceased to be a Member of the Committee with effect from July 24, 2013.*

@Appointed as a Member of the Committee with effect from July 24, 2013.

iv) Board Membership Criteria:

The Board of Directors is collectively responsible for selection of a member of the Board. The Nomination & Remuneration Committee of the Company follows a defined criteria for identification, screening, recruiting and recommending candidates for election as a Director on the Board. While screening, selecting and recommending to the Board new members, the Committee ensures that the Board is objective in its selection, there is absence of conflict of interest and the Board composition ensures availability of diverse perspectives, business experience, legal, financial & other expertise, integrity, managerial qualities, practical wisdom, ability to read and understand financial statements, commitment to ethical standards and values of the Company and ensure healthy debates and sound decision.

The Independent Directors comply with the definition as given under Clause 49 of the Equity Listing Agreement. While appointing/re-appointing any Non-Executive Directors on the Board, the Committee considers the criteria as laid down in the Equity Listing Agreement.

v) 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. Compensation reflects each Board member's responsibility and performance. The level of compensation to Executive Directors is designed to be competitive in the market for highly qualified executives. The Director on the Board who

is in the service of Larsen & Toubro Limited draws remuneration from Larsen & Toubro Limited and is not paid any commission, or sitting fees separately for attending the meetings of the Board and/any Committee of the Company.

The Company pays remuneration to Executive Directors by way of salary, perquisites, retirement benefits (fixed components) and variable remuneration, based on the recommendations of the Nomination & Remuneration Committee, approval of the Board and the shareholders.

The Non-Executive Directors are paid remuneration

by way of commission & sitting fees. The Company pays sitting fees of ₹ 20,000 per meeting to the Non-Executive Directors for attending the meetings of the Board and Committees. The commission is paid as per limits approved by the shareholders, subject to a limit not exceeding 1% p.a. of the profits of the Company (computed in accordance with Section 309(5) of the Companies Act, 1956).

As required by the provisions of Clause 49 of the Equity Listing Agreement, the criteria for payment to Non-Executive Directors is made available under the Investors section of the Company's website i.e. www.ltfinanceholdings.com.

vi) Details of remuneration paid/payable to Directors for the year ended March 31, 2014:

(a) Executive Directors:

The details of remuneration paid / payable to the Executive Directors are as follows:

(₹ Lakhs)

Name of the Director	Salary & Perquisites	Variable Remuneration* (up to)	Retirement Benefits	Total
Mr. Y. M. Deosthalee	177.76	Nil #	18.36	196.12
Mr. N. Sivaraman	111.89	300.00@	117.23	529.12

* based on guidelines formulated by the Nomination & Remuneration Committee and approved by the Board.

Pursuant to voluntary waiver of the same by the CMD for FY 14. The CMD had earlier waived the same for FY 12 and FY 13 also.

@ Represents provision for FY 14 excluding reversal of provision of ₹ 72.17 lakhs for FY 13.

- Notice period for termination of appointment of Chairman & Managing Director and the other Whole-time Director is six months on either side.
- No severance pay is payable on termination of appointment.

(b) Non-Executive Directors:

The details of remuneration paid / payable to the Non-executive Directors are as follows:

(₹ Lakhs)

Name of the Director	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission (up to)*	Total
Mr. R. Shankar Raman	Nil	Nil	Nil	Nil
Mr. A. K. Jain	1.40	0.80	10.20	12.40
Mr. S. V. Haribhakti	1.40	2.20	15.20	18.80
Mr. B. V. Bhargava	1.20	1.00	6.50	8.70
Mr. Subramaniam N.#	0.60	0.80	6.40	7.80
Mr. M. Venugopalan #	0.40	0.20	4.40	5.00
Mr. P. V. Bhide	1.40	1.20	9.50	12.10
Ms. Kamakshi Rao	0.40	----	9.00	9.40
Mr. R. Gopalakrishnan#	----	----	----	----
Mr. Harsh Mariwala	0.40	----	4.50	4.90

#Ceased to be a Director of the Company with effect from August 1, 2013.

*to be decided by the Board based on the recommendations of the Nomination & Remuneration Committee.

Details of shares held by the Non-Executive Directors as on March 31, 2014 are as follows:

Name of the Director	No. of Shares
Mr. R. Shankar Raman	24,461
Mr. A. K. Jain	Nil
Mr. S. V. Haribhakti	Nil
Mr. B. V. Bhargava	Nil
Mr. P. V. Bhide	Nil
Ms. Kamakshi Rao	Nil
Mr. Harsh Mariwala	Nil

(4) Committee of Directors

i) Terms of reference:

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

ii) Composition:

The Committee of Directors as on March 31, 2014 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Member	CMD
Mr. N. Sivaraman	Member	WTD
Mr. R. Shankar Raman	Member	Non-Executive

iii) Meetings & Attendance:

The Committee met sixteen times during the year on May 17, 2013, July 31, 2013, August 2, 2013, September 23, 2013, October 9, 2013, October 15, 2013, October 16, 2013, October 23, 2013, December 19, 2013, December 24, 2013, January 6, 2014, January 30, 2014, February 11, 2014, March 14, 2014, March 21, 2014 and March 28, 2014. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Y. M. Deosthalee	16	13
Mr. N. Sivaraman	16	13
Mr. R. Shankar Raman	16	13

5) Asset Liability Management Committee

i) Terms of reference:

The role of the Asset Liability Management Committee includes the following:

- Formalizing the ALM system in the Company;
- 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.

ii) Composition:

The Asset Liability Management Committee as on March 31, 2014 comprises:

Name of the Member	Designation in the Committee
Mr. N. Sivaraman	Chairman
Mr. R. Govindan	Member
Mr. Suneet K. Maheshwari	Member
Mr. Dinanath Dubhashi	Member
Mr. N. Suryanarayanan	Member
Mr. G. K. Shettigar	Member
Mr. C. S. Damle#	Member

Inducted during the year in place of Mr. V. V. Subramanian.

iii) Meetings:

The Committee met ten times during the year on April 30, 2013, July 11, 2013, August 08, 2013, September 17, 2013, October 11, 2013, November 22, 2013, December 31, 2013, January 14, 2014, February 28, 2014 and March 31, 2014.

(6) Risk Management Committee

i) Terms of reference:

The role of the Risk Management Committee includes the following:

- To manage the integrated risk which would include Liquidity Risk, Interest Rate Risk, Currency risk, etc.; and
- To devise policies and guidelines for identification, measurement, monitoring and controlling all major risk categories.

ii) Composition:

The Risk Management Committee as on March 31, 2014 comprises:

Name of the Member	Designation in the Committee
Mr. N. Sivaraman	Member
Mr. R. Shankar Raman	Member
Mr. R. Govindan	Member
Mr. Dinanath Dubhashi	Member
Mr. Suneet K. Maheshwari	Member

iii) Meetings:

During the year, one Meeting was held on March 28, 2014.

(7) Corporate Social Responsibility Committee

i) Terms of reference:

The functions of the Corporate Social Responsibility (CSR) Committee are as follows:

- Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 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.

ii) Composition:

The Board of Directors at their meeting held on March 21, 2014, has constituted the Corporate Social Responsibility Committee in accordance with the provisions of Section 135 of the Companies Act, 2013. The Committee as on March 31, 2014 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Chairman	CMD
Mr. N. Sivaraman	Member	WTD
Mr. Harsh Mariwala	Member	Independent

D. Directors on Boards of Material Subsidiaries

Atleast 1 independent director of the Company is a Director on the Board of each Material Subsidiary of the Company. As at March 31, 2014, Mr. P. V. Bhide is a Director on the Board of L&T Finance Limited; Mr. A. K. Jain and Mr. B. V. Bhargava 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 & liabilities.

Information to Directors:

The Board of Directors has complete access to the information within the Company, which inter alia, includes items as mentioned in point no. B4 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.

Statutory Auditors:

The Board has recommended to the shareholders, the re-appointment of Sharp & Tannan (S&T) as Statutory Auditors. S&T has furnished a declaration confirming their independence as well as their arm's length relationship with the Company, also declaring that they have not taken up any prohibited non-audit assignments for the Company.

Mr. Firdosh D. Buchia has signed the audit report for FY 2013-14 on behalf of S&T.

Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company i.e. www.ltfinanceholdings.com. The declaration of the Chairman & Managing Director 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.

Y. M. Deosthalee

Date: April 23, 2014

Place: Mumbai

Company for financial years 2011-12 and 2012-13 were held at Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020, the details of which are as under:

Year	Date	Time
2010-11	June 30, 2011	11.00 AM
2011-12	August 9, 2012	03.00 PM
2012-13	August 1, 2013	03.00 PM

The following Special Resolutions were passed by the Shareholders during the past three Annual General Meetings:

Year	Date	Resolution
2010-11	June 30, 2011	Appointment of Mr. N. Sivaraman as President & Whole-time Director of the Company

General Body Meetings:

The Annual General Meeting of the Company for financial year 2010-11 was held at L&T House, Ballard Estate, Mumbai – 400 001, the Registered Office of the Company. The Annual General Meetings of the

Postal Ballot:

Following Special Resolutions were passed through Postal Ballot in the Financial Year 2013-14:

Date of Declaration of Results	Subject matter of the Resolution	Voting Pattern				
		No. of Votes cast / %	Assent	Dissent	Abstained	Total
April 4, 2014	Issue of Cumulative Non-Convertible Redeemable Preference shares	Votes	1,465,508,366	6,320,155	38,183,251	1,510,011,772
		%	97.05	0.42	2.53	100
	Approval of Employee Stock Option Scheme of the Company known as Employee Stock Option Scheme – 2013	Votes	1,462,962,157	8,852,039	38,197,695	1,510,011,891
		%	96.88	0.59	2.53	100
	Approval of extension of benefits of ESOP Scheme – 2013 to the eligible employees of the holding company, subsidiaries and if permitted by law, associate companies of the Company.	Votes	1,462,844,279	8,964,291	38,192,501	1,510,001,071
		%	96.88	0.59	2.53	100

The Company had appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary, as the Scrutinizer for conducting the Postal Ballot process to ensure carrying out the Postal Ballot process in a fair and transparent manner. The results of Postal Ballot were also displayed on the Notice board at the Registered Office of the Company and hosted on the website of the Company i.e. www.ltfinanceholdings.com, besides being communicated to the Stock Exchanges where the shares of the Company are listed.

Procedure for Postal Ballot:

For conducting a Postal Ballot, notice specifying the resolutions proposed to be passed through Postal

Ballot as also the relevant explanatory statement & the postal ballot forms are dispatched to all the shareholders alongwith self addressed postage prepaid envelope. The Shareholders are requested to send back the postal ballot forms duly filled up & signed in the postage prepaid envelopes provided to them by the Company, so as to reach the Scrutinizer (in whose name the envelopes are made) on or before the 30th day from the date of issue of notice by the Company.

The Scrutinizer compiles the Postal Ballot Result out of the postal ballot forms found valid and hands over the results to the Chairman. The Chairman thereupon declares Result of the Postal Ballot and the same are

also displayed on a notice at the Registered Office of the Company.

The Company also offers the facility of e-Voting.

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 Accounting Standards (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, 2011 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.

Means of Communication:

- Quarterly Results are communicated through a Press Release and newspaper advertisements in prominent national and regional dailies like The Economic Times, Business Standard, Hindu Business Line, DNA Money, Free Press Journal, Navabharat and Navshakti.
- The financial results, official news releases and presentations are also displayed on the website of the Company i.e. www.ltfinanceholdings.com.
- The Annual Report is circulated to all the shareholders and all others like auditors, equity analysts, etc.
- Management Discussion & Analysis forms a part of the Annual Report which is mailed to the shareholders of the Company.

General Shareholders' Information:

Annual General Meeting	July 24, 2014 at 3.00 P.M. Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020.
Financial Year	April 1, 2013 to March 31, 2014.
Date of Book Closure	Tuesday, July 22, 2014 to Thursday, July 24, 2014 (both days inclusive).
Dividend Payment	The dividend of ₹ 0.75 per Equity Share of face value ₹ 10/- each, if approved by the Shareholders at the ensuing Annual General Meeting, will be credited/dispached before August 22, 2014.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited 2. National Stock Exchange of India Limited The Company has paid the listing fees to the Stock Exchanges.
Listing of Preference Shares	The 9%, Cumulative Compulsorily Redeemable Preference Shares (CCRPS) issued by the Company on private placement basis on October 15, 2013 are listed on BSE Limited. The Company is in the process of listing two tranches of unlisted privately placed CCRPS issued earlier.
Stock Code (Equity)	BSE : 533519 NSE : L&TFH
Stock Code (Preference)	BSE : 9LTFIN18PRF
Listing of Debt Securities	The Unsecured, Redeemable, Non-Convertible Debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of National Stock Exchange of India Limited (NSE).
Debenture Trustees	GDA Trusteeship Limited GDA House, S.No.94/95, Plot No-85, Bhusari Colony (Right), Paud Road, Pune-411 038.
CIN	L67120MH2008PLC181833

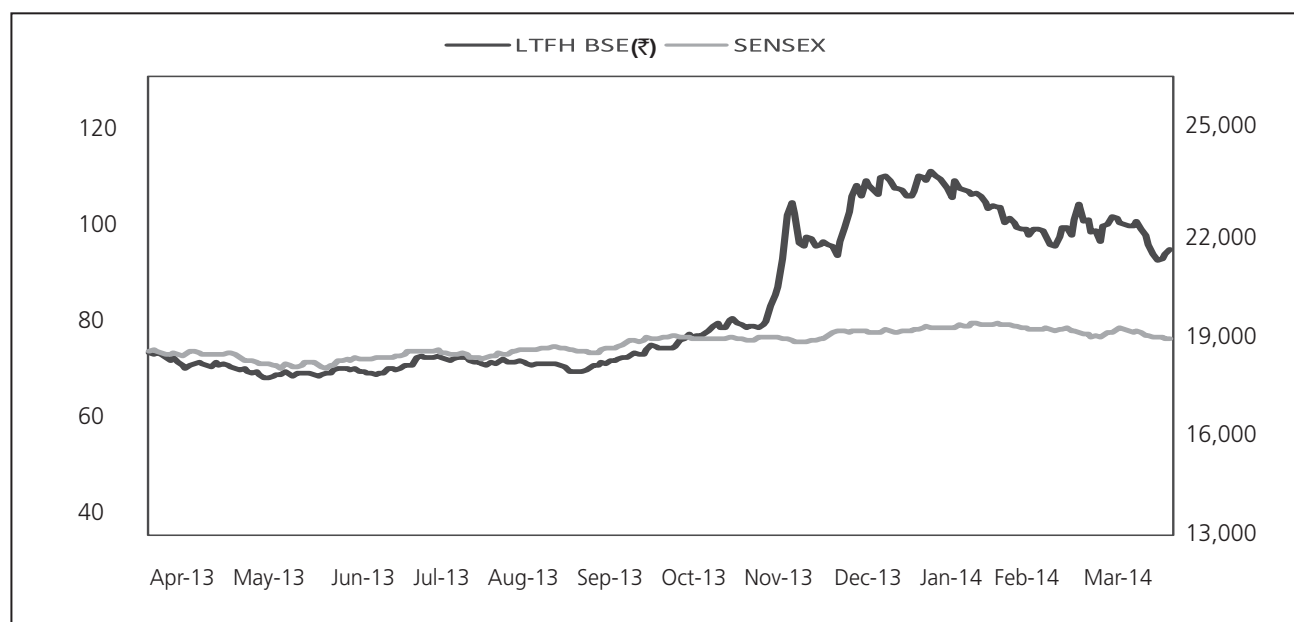
Financial Calendar

First quarter*	During 4 th week of July 2014
Second quarter*	During 4 th week of October 2014
Third quarter*	During 4 th week of January 2015

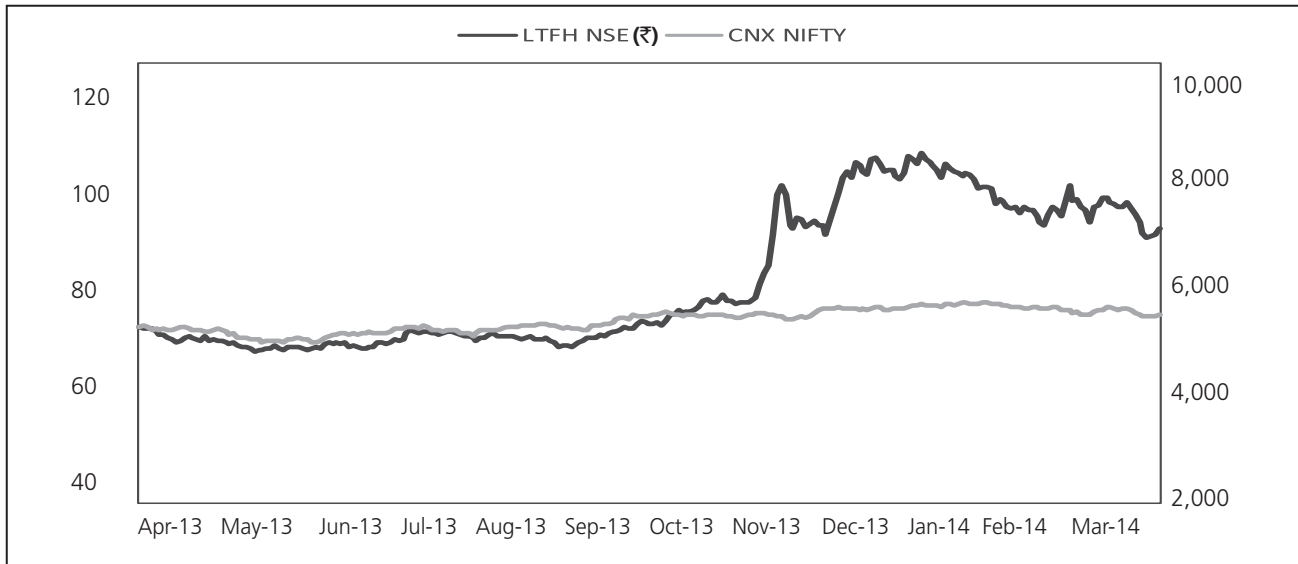
* Tentative

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-2013	79.55	71.45	77.65	19,504.18	18,226.48	19,504.18
May-2013	83.55	76.75	76.75	20,286.12	19,575.64	19,760.30
Jun-2013	80.35	74.95	78.50	19,610.48	18,540.89	19,395.81
Jul-2013	80.15	61.35	61.35	20,302.13	19,177.76	19,345.70
Aug-2013	62.45	54.10	55.45	19,367.59	17,905.91	18,619.72
Sep-2013	69.45	55.70	64.55	20,646.64	18,234.66	19,379.77
Oct-2013	82.55	65.35	82.55	21,164.52	19,517.15	21,164.52
Nov-2013	83.15	73.15	74.85	21,239.36	20,194.40	20,791.93
Dec-2013	76.55	68.00	74.70	21,326.42	20,612.14	21,170.68
Jan-2014	75.20	67.45	68.55	21,373.66	20,498.25	20,513.85
Feb-2014	78.00	67.60	76.85	21,120.12	20,193.35	21,120.12
Mar-2014	85.20	70.95	73.60	22,386.27	20,946.65	22,386.27



Month	LTFH NSE Price(₹)			CNX-NIFTY		
	High(₹)	Low(₹)	Month Close	High(₹)	Low(₹)	Month Close
Apr-2013	79.35	71.50	77.55	5,930.20	5,495.10	5,930.20
May-2013	83.70	76.80	76.80	6,187.30	5,944.00	5,985.95
Jun-2013	80.35	75.00	78.70	5,939.30	5,588.70	5,842.20
Jul-2013	80.10	61.45	61.45	6,077.80	5,742.00	5,742.00
Aug-2013	62.65	53.90	55.45	5,742.30	5,285.00	5,471.80
Sep-2013	69.55	55.60	64.50	6,115.55	5,341.45	5,735.30
Oct-2013	82.45	65.45	82.45	6,299.15	5,780.05	6,299.15
Nov-2013	83.05	73.20	74.80	6,317.35	5,989.60	6,176.10
Dec-2013	76.65	67.95	74.80	6,363.90	6,139.05	6,304.00
Jan-2014	75.20	67.25	68.65	6,345.65	6,073.70	6,089.50
Feb-2014	78.05	67.70	77.00	6,276.95	6,000.90	6,276.95
Mar-2014	85.25	70.95	73.55	6,704.20	6,221.45	6,704.20



Registrar and Share Transfer Agent	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Andheri - Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072. Tel: +91 22 6191 5400/412 Fax: +91 22 6191 5444 E-mail: sharepro@shareproservices.com
Share Transfer System	<p>The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee.</p> <p>The Company obtains from a Company Secretary in practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Equity Listing Agreement with Stock Exchanges and files a copy of the certificate with the Stock Exchanges.</p>

Distribution of Shareholdings as on March 31, 2014:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	373,596	85.05%	66,578,866	3.88%
501-1000	33,920	7.72%	26,765,115	1.56%
1001-2000	18,201	4.14%	26,121,629	1.52%
2001-3000	5,114	1.16%	13,069,075	0.76%
3001-4000	2,210	0.50%	7,989,258	0.46%
4001-5000	1,749	0.40%	8,248,658	0.48%
5001-10000	2,498	0.57%	18,465,130	1.07%
10001 and above	1,968	0.45%	1,551,211,244	90.27%
Total	439,256	100.00%	1,718,448,975	100.00%

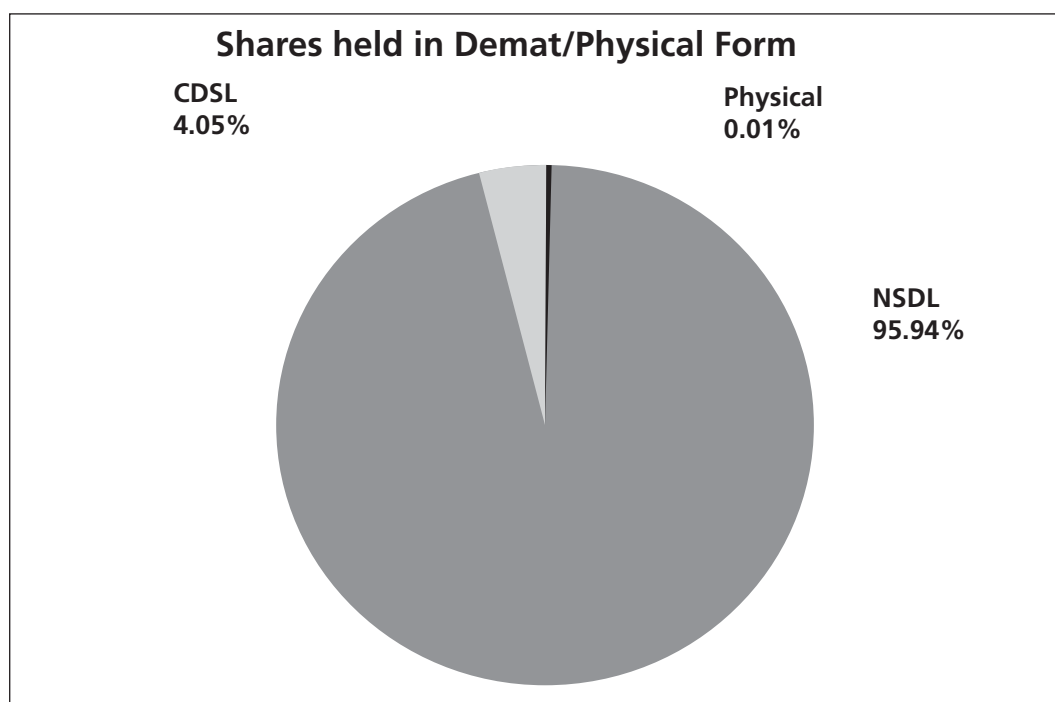
Categories of the Shareholders as on March 31, 2014:

Category	Total Shares	% to Equity
Promoters	1,316,589,609	76.61%
Financial Institutions	8,322,902	0.48%
Foreign Institutional Investors	129,579,221	7.54%
Mutual Funds	836,573	0.05%
Bodies Corporate	52,477,032	3.05%
Directors & Relatives	822,474	0.05%
Resident Individuals & Trusts	199,247,428	11.60%
Banks	4,636,341	0.27%
Non Resident Indians	5,937,395	0.35%
Total	1,718,448,975	100.00%

Dematerialisation of Shares:

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

	No. of Shares	% of Total Capital Issued
NSDL	1,648,755,460	95.94%
CDSL	69,678,600	4.05%
Physical	14,915	0.01%
Total	1,718,448,975	100.00%



Dematerialization of shares and liquidity	As on March 31, 2014 almost the entire equity capital was held in the dematerialized form with NSDL and CDSL. Only 14,915 shares were held in physical form.
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any Outstanding GDRs/ADRs/Warrants or any other Convertible instrument as on date.
Plant Locations	As the Company is engaged in the business of Non Banking Financial Services, this section is not applicable.
Address for correspondence	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Andheri - Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072. Tel: +91 22 6191 5400/412 Fax: +91 22 6191 5444 E-mail: sharepro@shareproservices.com
Address of the Compliance Officer	Mr. N. Suryanarayanan, Company Secretary L&T Finance Holdings Limited City - 2, Plot No. 177, C.S.T. Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098. Phone No.: 022 - 6621 7300/400 Fax No.: 022 - 6621 7509 E-mail : igrc@ltfinanceholdings.com

Unclaimed Shares lying in the Suspense Accounts:

In terms of Clause 5A the Equity Listing Agreement, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in demat 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 April 01, 2013	7	789
(ii)	Number of shareholders who approached issuer for transfer of shares from suspense account during the year 2013-14	0	0
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2013-14	0	0
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2014.	7	789

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

Transfer of Amounts to Investor Education and Protection Fund:

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend/interest/refund of applications which remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend/interest/refund account

is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company after the said transfer.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding

unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 01, 2013 (date of last Annual General Meeting) on the website of the Company i.e. www.ltfinanceholdings.com, as also on the Ministry of Corporate Affairs website.

Securities Dealing Code:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, a Securities Dealing Code for prevention of insider trading is in place. 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 the 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 six

months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

Mr. Shekhar Prabhudesai, Head – Secretarial & Compliance has been designated as the Compliance Officer for monitoring compliances with this code.

Secretarial Audit:

The Secretarial Audit, at regular intervals, is conducted by the Corporate Secretarial department of Larsen & Toubro Limited, which has competent professionals to carry out the said audit.

As stipulated by SEBI, a Qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

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

(Issued in accordance with the provisions of Clause 49 of the Equity Listing Agreement)

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

Dear Sirs,

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2014 and that to the best of our knowledge and belief, we state that;

- a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current 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 year 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 and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or propose to be taken for rectifying these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (iii) there have been no instances of fraud of which we have become aware.

Yours sincerely,

C. S. Damle
Chief Financial Officer

Y. M. Deosthalee
Chairman & Managing Director

Place: Mumbai
Date: April 23, 2014

Auditors Certificate on Compliance of Conditions of Corporate Governance

To the members of L&T Finance Holdings Limited

We have examined the compliance of conditions of corporate governance by L&T Finance Holdings Limited for the year ended March 31, 2014 as stipulated in Clause 49 of the Equity Listing Agreement entered into by the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Equity Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

SHARP & TANNAN

Chartered Accountants

Firm's registration No. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership No. 38332

Place: Mumbai

Date: April 23, 2014

Independent Auditors' Report

TO THE MEMBERS OF L&T FINANCE HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of L&T Finance Holdings Limited ("the Company"), which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2014;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the central government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September 2013, of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the directors as on 31st March 2014, and taken on record by the board of directors, none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

SHARP & TANNAN

Chartered Accountants
Firm's registration no.109982W
by the hand of

Firdosh D. Buchia

Partner
Mumbai, April 23, 2014
Membership no.38332

Annexure to the Auditors' Report

(Referred to in paragraph 1 of our report of even date)

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) As explained to us, all the fixed assets have been physically verified by the Management during the year, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
(c) The Company has not disposed off any substantial part of its fixed assets during the year, so as to affect its going concern status.
2. The Company is a Non-Banking Finance Company and does not hold any inventories. Accordingly, paragraph 4 (ii) (a), (b) and (c) of the Order is not applicable.
3. (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (b), (c) and (d) of the Order are not applicable to the Company.
(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (f) and (g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for services rendered. During the course of audit, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in internal control system.
5. According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in to the register maintained under section 301 of Companies Act, 1956. Accordingly, paragraph 4 (v) (b) of the Order is not applicable to the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA of the Companies Act, 1956 and any other relevant provisions and the rules framed there under apply.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Company is a Non-Banking Finance Company. Accordingly, paragraph 4 (viii) of the Order is not applicable to the Company.
9. (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales tax, wealth tax, service tax, cess and other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period exceeding six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues in respect of income tax, service tax, cess and other statutory dues as applicable that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has no accumulated losses as at 31st March 2014 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4 (xii) of the Order is not applicable.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. Accordingly, paragraph 4 (xiii) of the Order is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The Company has invested surplus fund in the schemes of mutual funds and other investments. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein.
15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, paragraph 4 (xv) of the Order is not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the Company has not obtained any term loans from banks or financial institutions. Accordingly, paragraph 4 (xvi) of the Order is not applicable.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. According to the information and explanations given to us and the records examined by us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, paragraph 4 (xviii) of the Order is not applicable to the Company.
19. According to information and explanations given to us and records examined by us, the Company has not issued any secured debentures during the year. Accordingly, paragraph 4 (xix) of the Order is not applicable to the Company.
20. According to information and explanations given to us and records examined by us, the Company has not raised any money by public issue during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable to the Company.
21. During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

SHARP & TANNAN

Chartered Accountants

Firm's registration no.109982W

by the hand of

Firdosh D. Buchia

Partner

Mumbai, April 23, 2014

Membership no.38332

Balance Sheet as at March 31, 2014

(₹ in Lakh)

	Note No	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES:			
Shareholders' funds			
(a) Share capital	2	271,844.90	246,676.05
(b) Reserves and surplus	3	<u>180,851.22</u>	<u>181,378.87</u>
		452,696.12	428,054.92
Non-current liabilities			
(a) Long term borrowings	4	20,000.00	10,000.00
(b) Other long-term liabilities	5	13.58	13.58
(c) Long term provisions	6	<u>34.73</u>	<u>828.56</u>
		20,048.31	10,842.14
Current liabilities			
(a) Short Term borrowings	7	36,031.41	29,561.33
(b) Current maturity of long term borrowings	4	10,000.00	34,900.00
(c) Other current liabilities	8	1,178.46	34,037.97
(d) Short term-provisions	9	<u>13,385.97</u>	<u>13,660.17</u>
		60,595.84	112,159.47
TOTAL		<u>533,340.27</u>	<u>551,056.53</u>
ASSETS:			
Non - current assets			
(a) Fixed assets			
(i) Tangible assets	10	40.65	49.83
(ii) Intangible assets		<u>1.10</u>	<u>2.71</u>
		41.75	52.54
(b) Non-current investments	11	472,701.11	412,256.11
(c) Deferred tax assets (net)	12	133.76	176.49
(d) Long term loans and advances	13	<u>5,797.13</u>	<u>49,059.92</u>
		478,673.75	461,545.06
Current assets			
(a) Current investments	14	19,843.90	75,291.61
(b) Cash and bank balances	15	4,634.91	4,893.89
(c) Short term loans and advances	16	28,689.22	8,403.00
(d) Other current assets	17	<u>1,498.49</u>	<u>922.97</u>
		54,666.52	89,511.47
TOTAL		<u>533,340.27</u>	<u>551,056.53</u>
Significant accounting policies	1		
Notes forming part of the financial statements	24		

As per our report attached

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

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai, April 23, 2014

Y.M. Deosthalee

Chairman & Managing Director

N. Suryanarayanan

Company Secretary

Mumbai, April 23, 2014

N. Sivaraman

President & Whole-time Director

C.S. Damle

Chief Financial Officer

Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Lakh)

	Note No	2013-14	2012-13
INCOME			
Revenue from operations	18	25,757.14	17,197.61
Other income	19	<u>3,365.53</u>	<u>2,869.61</u>
Total Income		29,122.67	20,067.22
EXPENSES			
Employee benefits expense	20	708.10	1,509.01
Finance costs	21	6,610.91	2,777.18
Administration and other expenses	22	2,139.99	2,528.31
Provisions and contingencies	23	(37.00)	70.00
Depreciation and amortisation		<u>11.44</u>	<u>9.56</u>
Total Expenses		9,433.44	6,894.06
Profit before exceptional and extraordinary items and taxes		19,689.23	13,173.16
Exceptional items		-	23,572.92
Profit before extraordinary items and taxes	24.9	19,689.23	36,746.08
Extraordinary Items		-	-
Profit before tax		19,689.23	36,746.08
Tax expense:	24.18		
- Current tax		8.20	5,735.00
- Deferred tax		<u>42.72</u>	<u>(121.44)</u>
		50.92	5,613.56
Profit for the year		19,638.31	31,132.52
Earnings Per Equity Share:	24.5		
Basic earnings per equity share (₹)		0.70	1.81
Diluted earnings per equity share (₹)		0.70	1.80
Face value per equity share (₹)		10.00	10.00
Significant accounting policies	1		
Notes forming part of the financial statements	24		

As per our report attached

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

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai, April 23, 2014

Y.M. Deosthalee

Chairman & Managing Director

N. Suryanarayanan

Company Secretary

Mumbai, April 23, 2014

N. Sivaraman

President & Whole-time Director

C.S. Damle

Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2014

(₹ in Lakh)

	2013-14	2012-13
A. Cash flow from operating activities		
Profit/(loss) before tax as per statement of profit and loss	19,689.23	36,746.08
Adjustment for:		
Provision on Standard Assets	(37.00)	70.00
Provision for employee benefits	(196.40)	871.20
Depreciation and amortisation	11.44	9.56
Profit on sale of investment in perpetual debt	-	(646.42)
Profit on sale of investment in equity shares	-	(23,792.09)
Operating profit before working capital changes	19,467.27	13,258.33
Changes in working capital		
(Increase)/ Decrease in current and non-current assets	23,101.08	(26,820.78)
Increase/ (Decrease) in current and non-current liabilities and provisions	(33,466.61)	33,409.41
Cash generated from operations	9,101.74	19,846.96
Direct taxes paid	(705.41)	(5,921.81)
Net cash from/(used in) operating activities (A)	8,396.33	13,925.15
B. Cash flows from investing activities		
Add : Inflows from investing activities		
Sale of investment in equity shares	-	38,955.72
Sale of current investments (net)	55,447.72	-
Sale of investment in perpetual debt	-	20,646.42
	55,447.72	59,602.14
Less : Outflow for investing activities		
Purchase of shares of subsidiary companies	60,445.00	134,341.95
Purchase of current investments (net)	-	75,291.62
Purchase of Tier II debt of subsidiary company	-	8,400.00
Purchase of Fixed Assets	0.65	8.28
	60,445.65	218,041.85
Net cash from/(used in) investing activities (B)	(4,997.93)	(158,439.71)

Cash Flow Statement for the year ended March 31, 2014

(₹ in Lakh)

	2013-14	2012-13
C. Cash flows from financing activities		
Add : Inflows from financing activities		
Proceeds from issue of share capital including securities premium	25,899.26	76,064.51
Proceeds from long term borrowings	-	44,900.00
Proceeds from other borrowings (net)	6,467.28	29,561.33
	32,366.54	150,525.84
Less : Outflows for financing activities		
Share/Debenture issue expenses	407.27	1,511.37
Dividend paid (including dividend distribution tax)	20,716.65	-
Proceeds from long term borrowings	14,900.00	-
	36,023.92	1,511.37
Net cash generated from/(used in) financing activities (C)	(3,657.38)	149,014.47
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(258.98)	4,499.91
Cash and cash equivalents as at beginning of the year	4,893.89	393.98
Cash and cash equivalents as at end of the year	4,634.91	4,893.89

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332
Mumbai, April 23, 2014

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

Y.M. Deosthalee
Chairman & Managing Director

N. Suryanarayanan
Company Secretary
Mumbai, April 23, 2014

N. Sivaraman
President & Whole-time Director

C.S. Damle
Chief Financial Officer

Notes forming part of Financial Statements - March 31, 2014

Note - 1. Significant Accounting Policies

1.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC) and Non Banking Financial Companies (NBFC) as applicable.

1.2 Use of estimates

The preparation of financial statements 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 period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively.

1.3 Tangible and Intangible fixed assets

Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Intangible fixed assets comprising of software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

1.4 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.

- 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 recognized when the Company's right to receive dividend is established by the reporting date.

1.5 Depreciation/Amortisation

Depreciation/Amortisation is provided on Straight-Line Method (SLM) which reflects the Management's estimate of the useful life of the respective assets.

Rates used for depreciation

- Motor car 15%.
- Computers 20%
- Specialized software amortized over a period of 3 years.
- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.

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 Long Term and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'.

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution, other than temporary, on an individual investment basis.

'Current Investments' are carried at lower of the cost or fair value on an individual investment basis.

1.7 Leases

Where the Company is lessee

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as

Notes forming part of Financial Statements - March 31, 2014

operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

1.8 Retirement and other employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and estimated variable remuneration are recognized in the period in which the employee renders the related service.

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 schemes is recognized during the period in which the employee renders the related services.

(b) Defined benefit plan

The Company's gratuity scheme is defined benefit plan. The employee gratuity obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

1.9 Income 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 provisions of

the 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 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 only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. 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 the Institute of Chartered Accountants of India (ICAI), the said asset 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

Notes forming part of Financial Statements - March 31, 2014

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 shares and debentures are written off against securities premium account.

1.13 Cash flow statement

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 ICAI.

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

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20

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 equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.16 Impairment of Assets

Tangible fixed assets 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 asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

1.17 Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and disclosed as follows:-

- a. Estimated amount of contracts remaining to be executed on capital account are not provided for.
- b. Other non cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the Management.

1.18 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

Notes forming part of Financial Statements - March 31, 2014

2 Share Capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ In Lakh)	No. of Shares	(₹ In Lakh)
Authorised				
Equity Share of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	100,000,000	100,000.00	100,000,000	100,000.00
Issued, Subscribed & Paid up				
Equity Share of ₹ 10 each fully paid	1,718,448,975	171,844.90	1,716,760,532	171,676.05
8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	75,000,000	75,000.00	75,000,000	75,000.00
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	25,000,000	25,000.00	-	-
Total Issued, Subscribed & Paid up capital		271,844.90		246,676.05

(II) Terms/rights attached to equity shares

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

(III) Terms/rights attached to preference shares

The CRPS will not have voting rights other than in respect of matters directly affecting it. In the event 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 years from the date of allotment. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment.

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	1,716,760,532	171,676.05	1,714,761,612	171,476.16
Issued during the year				
- Issued under ESOP	1,688,443	168.85	1,998,920	199.89
Outstanding at the end of the year	1,718,448,975	171,844.90	1,716,760,532	171,676.05

8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	75,000,000	75,000.00	-	-
Issued during the year	-	-	75,000,000	75,000.00
Outstanding at the end of the year	75,000,000	75,000.00	75,000,000	75,000.00

9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
At the beginning of the year	-	-	-	-
Issued during the year	25,000,000	25,000.00	-	-
Outstanding at the end of the year	25,000,000	25,000.00	-	-

Notes forming part of Financial Statements - March 31, 2014

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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Larsen & Toubro Limited and it's nominee	1,316,589,609	131,658.96	1,417,024,221	141,702.42
	1,316,589,609	131,658.96	1,417,024,221	141,702.42

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,316,589,609	76.61%	1,417,024,221	82.54%
	1,316,589,609		1,417,024,221	

Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Shree Cement Limited	7,296,136	7.30%	-	-
Azim Hashma Premji	10,109,420	10.11%	9,131,304	12.18%
Azim Premji Trust	5,109,420	5.11%	6,087,536	8.12%
ICICI Securities Primary Dealership Limited	4,546,594	4.55%	7,913,796	10.55%

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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Equity Shares of ₹ 10 each	9,106,625	910.66	11,125,955	1,112.60
	9,106,625	910.66	11,125,955	1,112.60

3 Reserves & Surplus

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
a. Securities Premium Account		
As per last Balance sheet	155,257.87	155,904.62
Add: Premium on issue of equity shares	730.43	864.62
Less: Share issue expenses adjusted during the year	385.93	1,498.12
Less: Debenture issue expenses adjusted during the year (net of tax)	21.32	13.25
Closing Balance	155,581.05	155,257.87
b. Employee Stock Option Outstanding Account		
As per last Balance sheet	676.03	554.56
Add: Addition during the year	149.43	302.61
Less: Stock options exercised	148.03	181.14
Closing Balance	677.43	676.03
c. Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
As per last Balance sheet	7,734.26	1,484.26
Add: Transferred from surplus in the Statement of Profit and Loss	3,928.00	6,250.00
Closing Balance	11,662.26	7,734.26

Notes forming part of Financial Statements - March 31, 2014

3 Reserves & Surplus (Contd.)

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
d. General Reserve		
As per last Balance sheet	12.20	12.20
Add: Transferred from surplus in the Statement of Profit and Loss	-	-
Closing balance	12.20	12.20
e. Surplus in the Statement of Profit and Loss		
As per last Balance sheet	17,698.51	5,933.84
Add: Profit for the year	19,638.31	31,132.52
Less : Appropriations		
Proposed dividend on equity shares	12,888.37	12,875.70
Tax on proposed equity dividend	3.17	92.15
Dividend paid for previous year	1.29	-
Tax on dividend paid for previous year	0.21	-
Interim dividend on Cumulatively Compulsorily Redeemable Preference Shares	7,597.50	-
Proposed dividend on Cumulatively Compulsorily Redeemable Preference Shares	-	150.00
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	3,928.00	6,250.00
Closing Balance	12,918.28	17,698.51
Total Reserves & Surplus	180,851.22	181,378.87

4 Long Term Borrowings

(₹ in Lakh)

Unsecured	As at March 31, 2014		As at March 31, 2013	
	Non Current	Current Maturity	Non Current	Current Maturity
Redeemable Non-Convertible Debentures (Refer Note A)	-	10,000.00	10,000.00	34,900.00
Inter Corporate Borrowing (Refer Note A)	20,000.00	-	-	-
Total long term borrowings	20,000.00	10,000.00	10,000.00	34,900.00

Note A :-

I. Unsecured Redeemable Non-Convertible Debentures : Private Placement								
Series	Face value per Debentures	Date of allotment	Amount	Non current portion	Current maturities	Interest rate % p.a.	Date of redemption	Redeemable term
			(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)			
Series A	₹ 10 Lakh each	November 15, 2012	10,000.00	-	10,000.00	10.07%	May 16, 2014	Redeemable at par on maturity
Total			10,000.00	-	10,000.00			
II. Inter Corporate Borrowing								
Amount	Non current Portion	Current maturities	Interest rate % p.a.	Date of redemption	Redeemable term			
(₹ in Lakh)	(₹ in Lakh)	(₹ in Lakh)						
20,000.00	20,000.00	-	10.25%	June 11, 2015	Redeemable at par on maturity			

Notes forming part of Financial Statements - March 31, 2014

5 Other Long term liabilities

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
Security Deposit	13.58	13.58
Total other Long term liabilities	13.58	13.58

6 Long term provision

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
For Employee benefits		
- Gratuity	-	706.16
For contingent provisions against standard assets	34.73	122.40
Total long term provision	34.73	828.56

7 Short term borrowings

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
Unsecured Commercial Papers		
Face Value	36,000.00	30,000.00
Less : Unexpired discount	435.87	438.67
Cash Credit	467.28	-
Total short term borrowings	36,031.41	29,561.33

8 Other current liabilities

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on borrowings	430.35	1,619.09
Statutory dues	56.18	261.18
Accrued expenses	492.74	1,957.95
Refundable for excess application for CRPS	-	30,041.00
Interest payable on CRPS Application Refund / Allotment	-	62.41
Unclaimed dividend	26.77	-
Other liabilities	172.42	96.34
Total other current liabilities	1,178.46	34,037.97

9 Short-term provisions

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
For employee benefit		
- Gratuity	-	0.18
- Leave Encashment	345.04	432.70
- Super Annuation Fund	77.11	87.84
	422.15	520.72
Proposed dividend on equity shares	12,888.37	12,875.70
Proposed dividend on Cumulative Compulsorily Redeemable Preference Shares	-	150.00
Tax on proposed equity dividend	3.17	92.15
Contingent provisions against standard assets	72.28	21.60
Total short-term provisions	13,385.97	13,660.17

Notes forming part of Financial Statements - March 31, 2014

Note 10 : Fixed assets (at Cost less Depreciation)

(₹ in Lakh)

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at April 1, 2013	Additions	Deductions	As at Mar 31, 2014	Upto Mar 31, 2013	For the year	Deductions	Upto Mar 31, 2014	As at Mar 31, 2014	As at Mar 31, 2013
Tangible Assets										
Motor Car	50.11	-	-	50.11	8.15	7.52	-	15.67	34.44	41.96
Computers	8.28	-	-	8.28	0.41	1.66	-	2.07	6.21	7.87
Office Equipment	-	0.65	-	0.65	-	0.65	-	0.65	-	-
Intangible Assets										
Computer Software	4.88	-	-	4.88	2.17	1.61	-	3.78	1.10	2.71
Total	63.27	0.65	-	63.92	10.73	11.44	-	22.17	41.75	52.54
Previous year	54.99	8.28		63.27	1.17	9.56	-	10.73	52.54	

11 Non current investments

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares / Debentures	₹ in Lakh	No. of Shares / Debentures	₹ in Lakh
Trade Investments (valued at cost unless stated otherwise)				
A. Unquoted equity instruments				
(I) Investment in subsidiaries				
L&T Finance Limited (Equity Shares of ₹ 10 each fully paid)	238,422,269	116,598.16	238,422,269	116,598.16
L&T Infrastructure Finance Company Limited (Equity Shares of ₹ 10 each fully paid)	829,233,000	137,509.85	829,233,000	137,509.85
L&T FinCorp Limited (Equity Shares of ₹ 10 each fully paid)	272,966,428	65,105.91	199,437,017	40,105.91
L&T Vrindavan Properties Limited (formerly : L&T Unnati Finance Limited) (Equity Shares of ₹ 10 each fully paid)	18,750,000	1,875.00	4,500,000	450.00
L&T Access Distribution Services Limited (formerly : L&T Access Financial Advisory Services Limited) (Equity Shares of ₹ 10 each fully paid)	6,000,000	600.00	6,000,000	600.00
L&T Housing Finance Limited (Formerly Indo Pacific Housing Finance Limited) (Equity Shares of ₹ 10 each fully paid)	81,423,078	26,799.38	43,923,072	11,799.38
Family Credit Limited (Equity Shares of ₹ 10 each fully paid)	204,309,160	25,205.89	154,309,610	15,205.89
L&T Capital Markets Limited (Equity Shares of ₹ 10 each fully paid)	16,750,000	1,675.00	2,550,000	255.00
L&T Investment Management Limited (Equity Shares of ₹ 10 each fully paid)	235,857,200	81,326.92	235,857,200	81,326.92
L&T Mutual Fund Trustee Company Limited (Equity Shares of ₹ 10 each fully paid)	150,000	15.00	50,000	5.00
L&T Infra Debt Fund Limited (Equity Shares of ₹ 10 each fully paid)	71,000,000	7,100.00	-	-
(II) Investment in associate:				
NAC Infrastructure Equipment Limited (Equity Shares of ₹ 10 each fully paid)	4,500,000	450.00	4,500,000	450.00

Notes forming part of Financial Statements - March 31, 2014

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares / Debentures	₹ in Lakh	No. of Shares / Debentures	₹ in Lakh
B. Quoted investment in Debentures				
L&T Finance Limited (Debentures of ₹ 1,000,000 each)	139	1,390.00	840	8,400.00
Family Credit Limited (Debentures of ₹ 1,000,000 each)	700	7,000.00	-	-
L&T Vrindavan Properties Limited (Debentures of ₹ 2,500,000 each)	20	500.00	-	-
Total		473,151.11		412,706.11
Less : Provision for diminution in the value of Investments	-	450.00		450.00
Total non current investments		472,701.11		412,256.11

Aggregate amount of quoted investments
[Market value of ₹ 8,400.00 lakh (previous year ₹ 8,400.00 lakh)]

8,890.00 8,400.00

Aggregate amount of unquoted investments

464,261.11 404,306.11

12 Deferred tax assets (net)

(₹ in Lakh)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax assets		
For contingent provisions against standard assets	36.37	48.95
Difference between book and tax depreciation	0.34	-
Other items giving rise to timing difference	97.05	129.57
Total	133.76	178.52
Deferred tax liabilities		
Difference between book and tax depreciation	-	2.03
Total	-	2.03
Total deferred tax assets (net)	133.76	176.49

13 Long term loans and advances

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Advance taxes (net)	797.13	99.92
Loan to a subsidiary company	5,000.00	48,960.00
Total long term loans and advances	5,797.13	49,059.92

Notes forming part of Financial Statements - March 31, 2014

14 Current Investments

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of Units	₹ in Lakh	No. of Units	₹ in Lakh
Non Trade Investments (valued at cost unless stated otherwise)				
Unquoted Investments in Mutual Fund				
L&T Ultra Short Term Fund Direct Plan - Growth	72,723,711	15,156.13	-	-
L&T Liquid Fund Direct Plan - Growth	113,806	2,000.00	-	-
L&T Flexi Bond Fund Direct Plan - Growth	20,677,541	2,687.77	-	-
L&T Ultra STF - Daily Dividend Reinvestment Plan	-	-	100,547,830	10,214.45
L&T Liquid Fund - Daily Dividend Reinvestment Plan	-	-	3,215,170	32,525.78
L&T Cash Fund - Daily Dividend Plan	-	-	2,932,282	30,006.04
L&T Flexi Bond Fund - Dividend Option Plan	-	-	25,302,304	2,545.34
Total current Investments		19,843.90		75,291.61

15 Cash and bank balances

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of Units	₹ in Lakh	No. of Units	₹ in Lakh
Cash and cash equivalents				
Balances with Banks:				
In Current Accounts		4,634.53		4,893.68
Cash on hand		0.38		0.21
Total cash and bank balances		4,634.91		4,893.89

16 Short term loans and advances

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of Units	₹ in Lakh	No. of Units	₹ in Lakh
Inter corporate deposits		28,689.22		8,393.00
Advance to subsidiary company		-		10.00
Total short term loans and advances		28,689.22		8,403.00

17 Other current assets

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of Units	₹ in Lakh	No. of Units	₹ in Lakh
Receivable from group companies		149.86		174.33
Other receivables		-		69.67
Interest accrued but not due		886.76		274.88
Security deposits		326.26		295.63
Advances recoverable in cash or in kind		135.61		108.46
Total other current assets		1,498.49		922.97

Notes forming part of Financial Statements - March 31, 2014

18 Revenue from operations

(₹ in Lakh)

	2013-14	2012-13
Dividend Income:		
From subsidiary companies	21,492.46	12,003.89
From other companies	-	911.56
	21,492.46	12,915.45
Interest income	4,264.68	4,282.16
Total revenue from operations	25,757.14	17,197.61

19 Other Income

(₹ in Lakh)

	2013-14	2012-13
Profit on sale of current investments	1,102.16	-
Profit on sale of investment in perpetual debt	-	646.42
Dividend / Interest income on current investments	483.37	867.19
Management fees	1,780.00	1,264.00
Overhead charges recovered from subsidiaries	-	92.00
Total other income	3,365.53	2,869.61

20 Employee benefits expense

(₹ in Lakh)

	2013-14	2012-13
Salaries	718.95	597.64
Contribution to and provision for:		
Provident fund	106.71	58.73
Gratuity fund	(108.74)	581.98
Leave encashment	(87.66)	289.22
Pension fund	-	(109.06)
Superannuation fund	77.11	87.84
	(12.58)	908.71
Staff welfare	1.73	2.66
Total employee benefits expense	708.10	1,509.01

21 Finance costs

(₹ in Lakh)

	2013-14	2012-13
Interest on debentures	4,121.53	1,619.09
Commercial paper discounting charges	2,169.80	871.69
Interest on short term borrowing	209.99	97.67
Interest on CRPS Application Refund / Allotment	45.25	174.23
Others	64.34	14.50
Total finance costs	6,610.91	2,777.18

Notes forming part of Financial Statements - March 31, 2014

22 Administration and other expenses

(₹ in Lakh)

	2013-14	2012-13
Professional fees	1,168.04	664.92
Rent	-	98.59
Travelling and conveyance	94.18	125.69
Printing and stationery	127.83	111.67
Telephone, postage and telegrams	127.23	157.23
Advertising and publicity	334.21	1,093.99
Filing fees	0.10	0.23
Directors' sitting fees	14.08	17.42
Non Executive Directors' Remuneration	70.17	66.53
Auditors remuneration		
Audit fees	2.00	2.00
Tax Audit Fees	0.75	0.75
Limited Review Fees	4.50	4.50
Other Services	2.95	5.92
Rates & Taxes	47.24	57.95
Repairs & Maintenance	9.71	11.64
Listing and Custodian fees	59.49	58.50
Donations	50.00	8.00
Miscellaneous expenses	27.51	42.78
Total administration and other expenses	2,139.99	2,528.31

23 Provisions and contingencies

(₹ in Lakh)

	2013-14	2012-13
Provision for standard assets	(37.00)	70.00
Total provisions and contingencies	(37.00)	70.00

24 Notes on Financial Statements

24.1 Stock Options Scheme

- 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.
- The grant of options to the employees under the Stock Option Schemes is on the basis of their performance and other eligibility criteria. The options 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.
- Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.
- The details of the grants under the aforesaid schemes are summarised below:

Notes forming part of Financial Statements - March 31, 2014

Sr. No.	Series reference	2010	
		2013-14	2012-13
1	Grant price	₹ 44.20	
2	Grant date	November 30, 2010 onwards	
3	Vesting commenced on	November 30, 2011 onwards	
4	Options granted and outstanding at the beginning of the year	11,125,955	13,572,440
5	Options granted during the year	983,000	905,000
6	Options cancelled/ lapsed during the year	1,313,887	1,352,565
7	Options exercised during the year	1,688,443	1,998,920
8	Options granted and outstanding at the end of the year of which –		
	- Options vested	2,839,131	1,498,419
	- Options yet to vest	6,267,494	9,627,536
9	Weighted average remaining contractual life of options (in years)	4.33	5.03

- e) During the year, the Company has recovered ₹ 149.43 Lakh (previous year ₹ 302.61 Lakh) from its subsidiary companies towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- f) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2014 is ₹ 975.27 Lakh (previous year: ₹ 927.23 Lakh), including ₹ 254.89 Lakh (previous year : ₹ 135.80 Lakh) for which the options have vested to employees as on March 31, 2014.
- g) Weighted average fair values of option granted during the year is ₹ 34.53 (previous year: ₹ 15.37) per Option.
- h) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2013-2014	2012-2013
a) Weighted average risk-free interest rate	8.43%	8.17%
b) Weighted average expected life of options	2.85 years	3.68 years
c) Weighted average expected volatility	35.46%	33.82%
d) Weighted average expected dividends	₹ 2.14 per option	₹ 1.84 per option
e) Weighted average share price	₹ 69.51 per option	₹ 44.30 per option
f) Weighted average exercise price	₹ 44.20 per share	₹ 44.20 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.	

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

i) Defined Contribution Plans :

Amount of ₹ 183.82 Lakh (previous year ₹ 37.51 Lakh) is recognized as an expense and included in employee benefits expenses in the Statement of Profit and Loss.

ii) Defined Benefit Plans (Gratuity):

Notes forming part of Financial Statements - March 31, 2014

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2014	As at March 31, 2013
A. Amount to be recognized in Balance Sheet		
Present Value of Defined Benefit Obligation		
- Wholly Funded	545.11	-
- Wholly Unfunded	-	706.34
Less: Fair value of Plan Assets	(842.31)	-
Amount not recognised as an assets [limits in para 59(b)]	101.01	-
B. Amounts reflected in the Balance Sheet		
- Liability	-	706.34
- Assets	196.19	-
Net liability/(asset)	(196.19)	706.34

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	2013-14	2012-13
1 Current Service Cost	58.87	48.93
2 Interest on Defined Benefit Obligation	60.44	8.96
3 Expected Return on Plan Assets	-	-
4 Actuarial Losses/(Gains)	(329.06)	524.09
5 Amount not recognised as an assets [limits in para 59(b)]	101.01	-
6 Total, included in "Employee Benefit Expenses"	(108.74)	581.98
Actual Return on Plan Assets	48.53	-

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, 2014	As at March 31, 2013
Opening balance of the present value of Defined Benefit Obligation	706.34	93.88
Add: Current Service Cost	58.87	48.93
Add: Interest Cost	60.44	8.96
Add/(less): Actuarial Losses/(Gain)	(280.54)	524.09
Add: Past service cost	-	-
Add: Transferred from holding Company	-	30.48
Add : Actuarial losses / (Gain) due to curtailments	-	-
Add: Liabilities Extinguished on Settlements	-	-
Less: Benefits paid	-	-
Closing balance of the present value of Defined Benefit Obligation	545.11	706.34
Expected employer's contribution next year	20.00	30.00

Notes forming part of Financial Statements - March 31, 2014

- 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, 2014	As at March 31, 2013
Opening balance of the fair value of the plan assets	-	-
Add: Expected Return on plan assets*	-	-
Add/(less): Actuarial gains/(losses)	48.52	-
Add: Assets Distributed on Settlements	-	-
Add: Contributions by Employer	793.79	-
Add: Assets Acquired on Acquisition/(Distributed on Divestiture)	-	-
Add: Exchange Difference on Foreign Plans	-	-
Less: Benefits Paid	-	-
Closing balance of the plan assets	842.31	-

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Based used to determine the overall expected return:

The trust formed by the Company manages the investment of provident fund and 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:

Particulars	Gratuity Plan	
	As at March 31, 2014	As at March 31, 2013
1 Government of India Securities	0%	0%
2 Corporate Bonds	0%	0%
3 Special Deposit Scheme	0%	0%
4 Equity Shares of Listed Companies	0%	0%
5 Property	0%	0%
6 Insurer Managed Funds	100%	0%
7 Others	0%	0%

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

Particulars	As at March 31, 2014	As at March 31, 2013
1. Discount rate	9.20%	7.90%
2. Expected return on plan assets	8.00%	8.00%
3. Salary escalation rate	6.00%	6.00%

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

(₹ in Lakh)

Particulars	As at March 31				
	2014	2013	2012	2011	2010
- Defined Benefit Obligation	(545.11)	(706.34)	(93.87)	-	-
- Plan Assets	842.31	-	-	-	-
- Surplus /(Deficit)	297.20	(706.34)	(93.87)	-	-
Experience Adjustment on Plan Liabilities	(214.53)	472.07	-	-	-
Experience Adjustment on Plan Asset	48.52	-	-	-	-

Notes forming part of Financial Statements - March 31, 2014

24.3 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'.

24.4 Related Party Disclosures: Accounting Standard - 18

a. List of Related Parties and Relationships

A. Holding Company

1. Larsen & Toubro Limited

B. Subsidiary Companies

1. L&T Finance Limited
2. L&T Infrastructure Finance Company Limited
3. L&T FinCorp Limited
4. L&T Vrindavan Properties Limited (formerly: L&T Unnati Finance Limited)
5. L&T Access Distribution Services Limited (formerly: L&T Access Financial Advisory Services Limited)
6. L&T Investment Management Limited
7. L&T Mutual Fund Trustee Limited
8. L&T Infra Investment Partners Advisory Private Limited
9. L & T Infra Investment Partners Trustee Private Limited
10. L&T Housing Finance Limited
11. Family Credit Limited
12. L&T Capital Markets Limited
13. L&T Trustee Services Private Limited
14. Consumer Financial Services Limited
15. L&T Infra Debt Fund Limited
16. Mudit Cement Private Limited (w.e.f December 27, 2013)

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

1. L&T Capital Company Limited
2. Larsen & Toubro InfoTech Limited
3. L&T Metro Rail (Hyderabad) Limited
4. L&T Infrastructure Development Projects Limited
5. L&T General Insurance Company Limited

D. Associate Company

1. NAC Infrastructure Equipment Limited
2. Feedback Infrastructure Services Private Limited

E. Key Management Personnel

1. Y. M. Deosthalee – Chairman & Managing Director
2. N. Sivaraman – President & Whole-time Director

Notes forming part of Financial Statements - March 31, 2014

b. Related Party Transactions:

(Inclusive of service tax)

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
1	Subscription to Equity shares of		
	• L&T FinCorp Limited	25,000.00	9,999.91
	• L&T Vrindavan Properties Limited	1,425.00	250.00
	• L&T Capital Markets Limited	1,420.00	255.00
	• Family Credit Limited	10,000.00	15,205.89
	• L&T Housing Finance Limited	15,000.00	11,799.38
	• L&T Infra Debt Fund Limited	7,100.00	-
	• L&T Mutual Fund Trustee Limited	10.00	-
	• L&T Infrastructure Finance Company Limited	-	14,999.85
	• L&T Access Distribution Services Limited	-	500.00
	• L&T Investment Management Limited	-	64,643.00
2	Purchase of Investments from		
	• L&T Finance Limited	-	16,688.92
3	Sale of Investments to		
	• L&T Vrindavan Properties Limited	-	3,338.88
4	Inter Corporate Borrowing taken		
	• Larsen & Toubro Limited	20,000.00	-
5	Inter Corporate Deposits given		
	• L&T Finance Limited	1,55,527.00	278,651.36
	• L&T Infrastructure Finance Company Limited	45,200.00	166,400.00
	• L&T FinCorp Limited	73,850.00	100,056.00
	• L&T Access Distribution Services Limited	1,153.00	568.00
	• Family Credit Limited	66,650.00	32,500.00
	• L&T Vrindavan Properties Limited	32,835.00	-
	• L&T Housing Finance Limited	16,750.00	-
6	Investment in Non Convertible Debentures (NCD)		
	• L&T Finance Limited	1,390.00	8,400.00
	• Family Credit Limited	7,000.00	-
	• L&T Vrindavan Properties Limited	500.00	-
7	Security Deposit given		
	• L&T Vrindavan Properties Limited	30.63	-

Notes forming part of Financial Statements - March 31, 2014

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
8	Interest paid on Inter Corporate Borrowing		
	• Larsen & Toubro Limited	67.40	-
9	Professional Fees paid		
	• Larsen & Toubro Limited	2.02	2.02
10	Reimbursement of expenses to		
	• Larsen & Toubro Limited	2.77	18.25
	• L&T Capital Markets Limited	1.96	-
11	Reimbursement of expenses from		
	• L&T Finance Limited	2.63	0.32
	• L&T Metro Rail (Hyderabad) Limited	2.55	-
	• L&T Investment Management Limited	4.00	0.32
	• Larsen & Toubro InfoTech Limited	3.55	2.02
	• L&T Infrastructure Development Projects Limited	2.36	-
	• L&T Infrastructure Finance Company Limited	-	4.35
12	ESOP charges recovered		
	• L&T Finance Limited	87.64	212.22
	• L&T Infrastructure Finance Company Limited	28.47	63.42
	• L&T Access Distribution Services Limited	0.11	12.29
	• L&T Infra Investment Partners Advisory Private Limited	2.75	11.17
	• L&T Vrindavan Properties Limited	7.22	-
	• L&T FinCorp Limited	0.69	3.49
	• L&T Capital Markets Limited	14.87	-
	• L&T Investment Management Limited	3.16	0.02
	• L&T Housing Finance Limited	2.93	-
	• Family Credit Limited	1.59	-
13	Interest Income on Inter Corporate Deposits		
	• L&T Finance Limited	302.71	531.67
	• L&T Infrastructure Finance Company Limited	31.11	485.17
	• L&T FinCorp Limited	140.73	1,002.14
	• L&T Access Distribution Services Limited	95.16	32.56
	• Family Credit Limited	121.04	192.98
	• L&T Housing Finance Limited	34.40	-
	• L&T Vrindavan Properties Limited	2,915.19	64.37

Notes forming part of Financial Statements - March 31, 2014

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
14	Interest Income on NCD		
	• L&T Finance Limited	592.87	1,713.97
	• Family Credit Limited	30.61	-
	• L&T Vrindavan Properties Limited	0.85	-
15	Rent recovered		
	• L&T Finance Limited	-	62.02
	• L&T Infrastructure Finance Company Limited	-	20.67
	• L&T Capital Company Limited	-	20.67
16	Management fees income		
	• L&T Finance Limited	660.00	710.12
	• L&T Infrastructure Finance Company Limited	660.00	694.38
	• L&T Investment Management Limited	250.00	-
	• L&T Capital Markets Limited	210.00	-
	• L&T FinCorp Limited	-	15.73
17	Dividend income		
	• L&T Finance Limited	10,919.74	10,013.74
	• L&T Infrastructure Finance Company Limited	10,572.72	1,990.16
18	Deputation cost recovered		
	• L&T General Insurance Company Limited	257.53	-
19	Managerial remuneration #		
	• Y.M. Deosthalee	196.12	194.03
	• N. Sivaraman	456.95	625.60

Managerial Remuneration excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the Company as a whole.

The variable remuneration for previous year has been reversed in the current year on account of waiver of variable remuneration on actual payment to President & Director. Accordingly, previous year figures have been restated.

The Chairman & Managing Director has waived his variable remuneration in the current year as well. Hence, no provision has been made there-against.

Notes forming part of Financial Statements - March 31, 2014

c. Amount due to/from related parties:

(₹ in Lakh)

Sr. No.	Nature of Transactions	As at March 31, 2014	As at March 31, 2013
1	Receivable from		
	• L&T Finance Limited	60.82	39.35
	• L&T Infrastructure Finance Company Limited	3.03	11.57
	• L&T FinCorp Limited	0.11	0.26
	• L&T Investment Management Limited	65.61	0.34
	• L&T Vrindavan Properties Limited	1.75	-
	• L&T General Insurance Company Limited	23.10	-
	• Family Credit Limited	0.04	-
	• L&T Capital Markets Limited	0.21	-
	• Larsen & Toubro Limited	-	107.89
	• L&T Access Distribution Services Limited	-	12.29
	• L&T Infra Partners Advisory Private Limited	-	1.29
	• Larsen & Toubro Infotech Limited	-	2.02
2	Interest accrued but not due on inter corporate deposit given		
	• L&T Access Distribution Services Limited	49.62	29.30
	• L&T Vrindavan Properties Limited	808.52	11.29
	• L&T Finance Limited	-	6.50
3	Interest accrued but not due on NCD given		
	• L&T Vrindavan Properties Limited	0.85	-
	• L&T Finance Limited	1.97	227.79
	• Family Credit Limited	30.61	-
4	Outstanding Balance of Inter-Corporate Deposits		
	• L&T Finance Limited	1,752.00	7,825.00
	• L&T Access Distribution Services Limited	1,051.00	568.00
	• L&T Vrindavan Properties Limited	25,886.22	48,960.00
5	Outstanding Balance of Loans & Advances given to		
	• L&T Investment Management Limited	5,000.00	-
	• L&T Mutual Fund Trustee Limited	-	10.00
6	Outstanding Balance of NCD		
	• Family Credit Limited	7,000.00	-
	• L&T Finance Limited	1,390.00	8,400.00
	• L&T Vrindavan Properties Limited	500.00	-
7	Payable to		
	• Larsen & Toubro Limited	27.60	-
	• L&T Access Distribution Services Limited	2.95	-
	• L&T Infra Partners Advisory Private Limited	3.93	-
	• L&T Housing Finance Limited	0.25	-
8	Interest accrued but not due on Inter-Corporate Borrowings		
	• Larsen & Toubro Limited	60.66	-
9	Outstanding Balance of Inter-Corporate Borrowings		
	• Larsen & Toubro Limited	2,000.00	-

Notes forming part of Financial Statements - March 31, 2014

24.5 Earnings Per Share Accounting Standard-20

		(₹ in Lakh)	
		2013-14	2012-13
Basic			
Profit after tax (₹ Lakh)		19,638.31	31,132.55
Less : Dividend on Cumulatively Redeemable Preference Shares		7,597.50	150.00
Profit attributable to equity shareholders (₹ Lakh)	A	12,040.81	30,982.55
Number of equity shares			
Weighted average number of equity shares outstanding	B	1,717,349,584	1,715,261,068
Basic EPS before and after extraordinary items (₹)	A/B	0.70	1.81
Diluted			
Profit after tax (after deducting proposed preference dividend) (₹ Lakh)	A	12,040.81	30,982.55
Add: Weighted average number of equity shares outstanding	B	1,717,349,584	1,715,261,068
Add: Weighted average no. of potential equity shares on account of employee stock options	C	2,440,556	1,353,606
Weighted average number of shares outstanding for diluted EPS	D=B+C	1,719,790,140	1,716,614,674
Diluted EPS before and after extraordinary items (₹)	A/D	0.70	1.80
Face value of shares (₹)		10.00	10.00

24.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2014.

24.7 Expenditure in foreign currency:

For Professional Fees ₹ 189.03 Lakh (previous year ₹ 163.42 Lakh)

For Directors Sitting Fees and commission ₹ 7.45 Lakh (previous year ₹ 4.69 Lakh)

24.8 The Company does not have contingent liability as at 31st March, 2014 except performance guarantee of ₹ 945.00 Lakh (previous year ₹ 945.00 Lakh).

24.9 Exceptional items during the previous year represent profit on sale of investment in Federal Bank Limited amounting to ₹ 23,792.92 Lakh and expenditure of ₹ 220.00 Lakh incurred towards employee cost in connection with acquisition of L&T Fund Management Private Limited (formerly: FIL Fund Management Private Limited).

24.10 During the year, the Company has allotted 1,688,443 equity shares of ₹ 10 each, fully paid up, on exercise of options by employees, in accordance with the Company's stock option schemes.

24.11 The directors recommend payment of final dividend of ₹ 0.75 per equity share of ₹ 10 each on the number of shares outstanding on the record date. Provision for final dividend has been made in the books of accounts for the 1,718,448,975 equity shares outstanding as at March 31, 2014 amounting to ₹ 12,888.37 Lakh.

24.12 In terms of provision of sub-section 1A of Section 115O of the Income Tax Act, 1961, dividend distribution tax payable by the Company is net of dividend distribution tax paid by its subsidiary companies amounting to ₹ 3,478.41 Lakh, relating to dividend of ₹ 20,467.24 Lakh declared by them.

24.13 The Company, during the current year has issued 25,000,000, 9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid up.

24.14 Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC.No.125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms:

Notes forming part of Financial Statements - March 31, 2014

1) Capital Risk Adequacy Ratio :

Items	2013-14	2012-13
i) CRAR (%)	85.49%	78.15%
ii) CRAR – Tier I Capital (%)	66.55%	64.41%
iii) CRAR – Tier II Capital (%)	18.93%	13.74%

2) Exposure to Real Estate Sector

(₹ in Lakh)

Category	2013-14	2012-13
a) Direct exposure	Nil	Nil
(i) Residential Mortgages – Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 Lakh may be shown separately)		
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include Non-Fund Based (NFB) limits;	Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures – a. Residential b. Commercial Real Estate	Nil	Nil
b) Indirect exposure Fund based and Non-Fund Based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

3) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

(₹ in Lakh)

	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	-	-	-	-	-	-	-	-	-
Market Borrowings	15,467.28	28,000.00	-	3,000.00	-	20,000.00	-	-	66,467.28
Assets:									
Advances	8,655.22	315.00	-	30.00	19,689.00	5000.00	-	-	33,689.22
Investments	19,843.90	-	-	-	-	-	-	472,701.11	492,545.01

24.15 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007)

Notes forming part of Financial Statements - March 31, 2014

Liability Side:

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

(₹ in Lakh)

Particular	Amount Outstanding	Amount Overdue
(a) Debentures :		
- Secured	-	-
- Unsecured	10,369.69	-
(Other than falling within the meaning of Public Deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and borrowings	20,060.66	-
(e) Commercial Paper	35,564.13	-
(f) Other Loans (Cash Credit)	467.28	-

Asset Side :

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

(₹ in Lakh)

	Amount Outstanding
(a) Secured	-
(b) Unsecured	33,689.22

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

(₹ in Lakh)

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

Break-up of Investments

(₹ in Lakh)

	Amount Outstanding
Current Investments	
1. Quoted	
(i) Shares : (a) Equity	
(b) Preference	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of Mutual Funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

Notes forming part of Financial Statements - March 31, 2014

Break-up of Investments

(₹ in Lakh)

		Amount Outstanding
2.	Unquoted :	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	19,843.90
(iv)	Government Securities	-
(v)	Others (please specify)	-
Long Term Investments		
1.	Quoted	
(i)	Shares : (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	8,890.00
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-
2.	Unquoted :	
(i)	Shares : (a) Equity	463,811.11
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others (please specify) Sec deposits & share application money	-

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

(₹ in Lakh)

	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	33,689.22	33,689.22
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	-	-
Total	-	33,689.22	33,689.22

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

(₹ in Lakh)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	472,701.11	472,701.11
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	19,846.31	19,843.90
Total	492,547.42	492,545.01

Notes forming part of Financial Statements - March 31, 2014

6. Other Information

(₹ in Lakh)

Particulars	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	-

24.16 "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

24.17 Core Investment Company ("CIC") Compliance Ratios:

Sr No.	Particulars	As at March 31,2014	As at March 31,2013
i.	Investments & Loans to group companies as a proportion of Net Assets (%)	99.70%	N.A
ii.	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	91.31%	N.A
iii.	Capital Adequacy Ratio(%) [Adjusted Net Worth/Risk Weighted Assets]	66.55%	N.A
iv.	Leverage Ratio(Times) [Outside Liabilities / Adjusted Net worth]	0.23	N.A

24.18 Provision for Income Tax for previous year has been made in accordance with Section 115 JB of Income Tax Act, 1961.

24.19 Previous year figures have been regrouped/ reclassified wherever necessary.

As per our report of even date

SHARP & TANNAN

Chartered Accountants

Registration No. 109982W

by the hand of

Y. M. Deosthalee
Chairman & Managing Director

N. Sivaraman
President & Whole-time Director

Firdosh Buchia
Partner
Membership No. 033013

N. Suryanarayanan
Company Secretary

C.S.Damle
Chief Financial Officer

Mumbai, April 23, 2014

Mumbai, April 23, 2014

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of L&T Finance Holdings Limited ("the Company") and its subsidiaries and associates ("the LTFH Group") which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the LTFH Group as at 31st March 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the LTFH Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the LTFH Group for the year ended on that date.

Other matters

We did not audit the financial statements of eleven subsidiaries included in the consolidated financial results, whose financial statements reflect total assets of ₹ 2,352,618.24 Lakh as at 31st March 2014; as well as the total revenue of ₹ 261,336.27 Lakh and net cash inflow amounting to ₹ 29,506.69 Lakh for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statement, to the extent they have been derived from such financial statements is based solely on the report of such auditors.

We further report that in respect of two associates, we did not carry out the audit. The consolidated financial statements include the net carrying cost of investment of ₹ 4,123.54 Lakh and current year share of net profit of ₹ 205.17 Lakh in respect of one of the associates. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statement, to the extent they have been derived from such financial statements is based solely on the report of such auditors. In case of the other associate the investment is carried at nil value in the books of account and the accounts have been certified by management.

Our opinion is not qualified in respect of these matters.

SHARP & TANNAN

Chartered Accountants
Firm's registration no.109982W

Firdosh D. Buchia

Partner
Membership no. 38332
Mumbai, April 23, 2014

Consolidated Balance Sheet as at March 31, 2014

(₹ in Lakh)

	Note No	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES:			
Shareholders' funds			
Share capital	2	271,844.90	246,676.05
Reserves and surplus	3	410,720.39	375,345.68
		682,565.29	622,021.73
Non-current liabilities			
Long-term borrowings	4	2,328,824.87	1,811,734.40
Other long term liabilities	5	49,360.58	35,779.74
Long-term provisions	6	19,998.95	12,607.76
		2,398,184.40	1,860,121.90
Current liabilities			
Short-term borrowings	7	454,715.79	406,793.35
Current maturities of long term borrowings	4	801,816.03	606,213.81
Trade payables	8	3,716.74	2,158.19
Other current liabilities	9	127,161.03	139,758.34
Short-term provisions	10	17,933.31	19,890.56
		1,405,342.90	1,174,814.25
TOTAL		4,486,092.59	3,656,957.88
ASSETS:			
Non-current assets			
Fixed assets	11		
Tangible assets		57,088.14	47,473.31
Intangible assets		1,809.22	1,288.41
Capital work-in-progress		13,931.09	8,912.77
Intangible assets under development		45.66	-
Goodwill on consolidation		63,891.06	64,332.32
Non-current investments	12	98,931.49	62,028.83
Deferred tax assets (net)	13	21,741.66	12,688.34
Long-term loans and advances	14	19,648.32	17,504.20
Long-term loans and advances towards financing activities	15	2,786,419.07	2,195,697.15
Other non-current assets	16	14,940.23	7,156.32
		3,078,445.94	2,417,081.65
Current assets			
Current investments	17	174,096.30	122,239.43
Trade receivables	18	3,071.67	2,941.83
Cash and bank balances	19	78,273.89	37,189.13
Short-term Loans and advances towards financing activities	20	185,159.85	229,923.74
Current maturities of long term loans and advances towards financing activities	15	898,136.12	794,372.65
Other current assets	21	68,908.82	53,209.45
		1,407,646.65	1,239,876.23
TOTAL		4,486,092.59	3,656,957.88
Significant accounting policies.	1		
Notes forming part of the consolidated financial statements	28		

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

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Y.M. Deosthalee
Chairman & Managing Director

N. Sivaraman
President & Whole-time Director

Firdosh D. Buchia
Partner
Membership no. 38332
Mumbai, April 23, 2014

N. Suryanarayanan
Company Secretary
Mumbai, April 23, 2014

C.S. Damle
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(₹ in Lakh)

	Note No	2013-2014	2012-2013
INCOME:			
Revenue from operations	22	505,593.81	394,308.57
Other income	23	18,124.61	5,170.75
Total Income		523,718.42	399,479.32
EXPENSES:			
Finance costs	24	307,387.77	232,861.68
Employee benefits expense	25	27,364.65	20,486.18
Administration and other expenses	26	55,852.73	35,247.22
Allowances and write offs	27	42,610.93	27,310.19
Depreciation and amortisation		8,014.27	6,512.58
Total expenses		441,230.35	322,417.85
Profit before exceptional and extraordinary items and taxes		82,488.07	77,061.47
Exceptional items (net)	28.17	-	21,799.40
Profit before extraordinary items and taxes		82,488.07	98,860.87
Extraordinary items		-	-
Profit before tax		82,488.07	98,860.87
Tax expense:			
Current tax		32,057.22	30,902.74
Deferred tax		(9,053.31)	(4,960.64)
Tax expense		23,003.91	25,942.10
Profit after tax		59,484.16	72,918.77
Add : Share in profit of associate company		205.17	128.37
Profit for the year		59,689.33	73,047.14
Earnings per equity share:			
Basic earnings per equity share before and after extraordinary items (₹)	28.9	3.03	4.25
Diluted earnings per equity share before and after extraordinary items (₹)		3.03	4.25
Face value per equity share (₹)		10.00	10.00
Significant accounting policies.	1		
Notes forming part of the consolidated financial statements	28		

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

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332
Mumbai, April 23, 2014

Y.M. Deosthalee
Chairman & Managing Director

N. Suryanarayanan
Company Secretary

Mumbai, April 23, 2014

N. Sivaraman
President & Whole-time Director

C.S. Damle
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in Lakh)

	March 31,2014	March 31,2013
A. Cash flow from operating activities		
Profit before tax	82,488.07	98,860.87
Adjustments for:		
Amalgamation adjustments	(51.90)	-
Depreciation and amortisation	8,014.27	6,512.58
(Profit)/ Loss on sale of investments (net)	(11,218.67)	(1,190.64)
(Profit)/ Loss on sale of fixed assets (net)	2,044.60	2,233.61
Provision for compensated absences/leave encashment	10.15	566.82
Provision for Gratuity	(37.88)	828.82
Cumulative interest on long term NCDs, payable at maturity	(3,648.82)	7,694.10
Provision for diminution in value of investments	1,020.23	195.42
Loss on foreclosure of loans and bad debts write off	20,108.29	27,226.24
Provision for non-performing assets	10,144.68	(5,979.71)
Provision for advances and receivables	4,053.00	-
Provision for standard assets	3,446.52	2,808.69
Provision for restructured assets	3,838.21	3,060.34
Operating profit before working capital changes	120,210.75	142,817.14
(Increase)/ Decrease in trade and other receivables and advances	24,829.79	(99,129.68)
Increase/ (Decrease) in trade and other payables	12,964.51	73,403.49
Cash generated from operations	157,409.35	117,090.95
Direct taxes paid	(34,284.69)	(31,919.03)
Loans disbursed (net of repayments)	(732,023.09)	(694,792.80)
Net cash flow from operating activities (A)	(608,302.70)	(609,620.88)
B. Cash flow from investing activities		
Add : Inflow from investing activities		
Proceeds from sale of fixed assets	1,854.58	19,914.31
Sale of non current investments (net)	-	717.78
	1,854.58	20,632.09
Less : Outflow from investing activities		
Purchase of fixed assets (including capital work in progress)	26,671.80	80,842.75
Purchase of non current investments	37,717.16	-
Purchase of current investments (net)	40,638.20	106,876.53
	105,027.16	187,719.28
Net cash from(used in) investing activities (B)	(103,172.58)	(167,087.19)

Consolidated Cash Flow Statement for the year ended March 31, 2014

(₹ in Lakh)

	March 31,2014	March 31,2013
C. Cash flow from financing activities		
Add : Inflow from financing activities		
Proceeds from issue of share capital including securities premium	25,899.26	76,064.51
Net proceeds from long term borrowings	712,692.69	519,350.90
Net proceeds from short term borrowings	47,922.44	202,143.61
	786,514.39	797,559.02
Less : Outflow from financing activities		
Shares / Debenture issue expenses	851.36	1,976.92
Dividend paid (including dividend distribution tax)	25,455.17	866.71
	26,306.53	2,843.63
	760,207.86	794,715.39
Net cash generated from(used in) financing activities (C)	48,732.58	18,007.32
Net cash increase / (decrease) in cash and cash equivalents (A+B+C)	29,062.13	11,054.81
Cash and cash equivalents as at beginning of the year	29,062.13	11,054.81
Cash and cash equivalents as at end of the year	77,794.71	29,062.13
Reconciliation of Cash and Cash Equivalents		
Closing Balance as per Balance Sheet	78,273.89	37,189.14
Less : Deposits with original maturity for more than 3 months	479.18	8,127.01
Cash and cash equivalents as at end of the year	77,794.71	29,062.13

Notes:

- Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
- Purchase of fixed assets includes movements of capital work in progress during the year.
- Cash and cash equivalents represent cash and bank balances.
- Previous year figures have been regrouped/reclassified wherever applicable.

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

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Y.M. Deosthalee

Chairman & Managing Director

N. Sivaraman

President & Whole-time Director

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai, April 23, 2014

N. Suryanarayanan

Company Secretary

Mumbai, April 23, 2014

C.S. Damle

Chief Financial Officer

Notes forming part of Consolidated Financial Statements - March 31, 2014

1. Significant accounting policies.

1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13th, 2013 of the Ministry of Corporate Affairs) and the relevant provisions thereof along with the applicable guidelines issued by Reserve Bank of India ("RBI").

1.2 Use of Estimates

The preparation of financial statements 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 period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively.

1.3 Revenue Recognition

- (a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.
- (b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

- (c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.
- (d) Dividend is accounted when the right to its receipt is established.
- (e) Guarantee fees is recognised on pro-rata basis over the period of the guarantee.
- (f) Investment management fees are recognised on an accrual basis in accordance with the Investment Management Agreement and SEBI Regulations, based on average Assets Under Management ("AUM") of L&T Mutual Fund schemes over the period of the agreement in terms of which services are performed.

Portfolio management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

1.4 Tangible and Intangible Fixed Assets

Tangible fixed assets except for land, are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Intangible fixed assets comprising of software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the statement of Profit and Loss.

1.5 Depreciation and amortisation on Fixed Assets

Depreciation/amortisation on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are greater than or equal to the corresponding rate prescribed in Schedule XIV of the Act. The assets for which higher rates used are as follows.

Notes forming part of Consolidated Financial Statements - March 31, 2014

Particulars	Nature	Rates (SLM)	Schedule XIV Rates (SLM)
Office Equipment	Owned use / Operating Lease	10%	4.75%
Computer	Owned use / Operating Lease	20%	16.21%
Plant & Machinery	Operating Lease	11.31%	4.75%
Motor car	Operating Lease	15%	9.5%
Vehicle	Operating Lease	16.21%	9.5%

- Leasehold improvements is amortized over the period of lease term.
- Specialized software amortized over the period of 3 years.
- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.6 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term 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.

Investments have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

1.7 Advances

Advances are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not

served, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

Provision on restructured advances / corporate debt restructure advances is made at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

1.8 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. Interest cost 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.

1.9 Leases

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Where the company is lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions

Notes forming part of Consolidated Financial Statements - March 31, 2014

lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

1.10 Retirement and Other Employee Benefits

- **Short Term Employee Benefits:**

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and expected cost of bonus/variable pay are recognized in the period in which the employee renders the related service.

- **Post Employment Benefits:**

(a) Defined Contribution Plans:

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

(b) Defined Benefit Plans:

The employee's gratuity fund scheme and provident fund scheme managed by trust are the company's defined benefit plans. Wherever applicable the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities of a maturity period equivalent to the weighted average maturity profile of the related obligation at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

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

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

- **Long Term Employee Benefits:**

The obligation for long term employee benefits such as long term compensated absences is recognised as defined benefits plan.

1.11 Earnings Per Share

Basic and diluted earnings per share are computed 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 equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.12 Foreign Currency Transactions, Forward Contracts and Derivatives

Foreign currency transactions are accounted at the exchange rates prevailing on the date of each transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities

Notes forming part of Consolidated Financial Statements - March 31, 2014

denominated in foreign currencies are recognised in the statement of Profit and Loss.

The Company has exercised the option granted under notification F.No.17/33/2008/CL-V dated March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.913(E) (F.No. 17/133/2008-CL.V) dated December 29, 2011 and is accordingly, amortising the foreign currency translation differences on long term foreign currency monetary items over the shorter of their maturity period and the balance period upto March 31, 2020. The unamortised balance as at the period end is presented as "Foreign Currency Monetary Item Translation Difference Account" on the assets side of the Balance Sheet.

Premium in respect of forward contracts is charged to statement of Profit and Loss over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

Currency interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked to market. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

1.13 Principles of Consolidation

The consolidated financial statements relate to L&T Finance Holdings Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the

time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

- c) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.
- d) Investment in associate companies has been accounted under the equity method as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements".
- e) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its statement of profit and loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.
- f) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

1.14 Income 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

Notes forming part of Consolidated Financial Statements - March 31, 2014

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 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 only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. 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.

1.15 Impairment of Assets

Tangible fixed assets and intangible assets 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 asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

1.16 Provisions and 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.

1.17 Employee Stock Compensation Cost

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of L&T Finance Holdings Limited (the holding company) to employees of the subsidiaries. The scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised with in specified period. The holding company follows the intrinsic value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

1.18 Cash Flow Statement

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.

1.19 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.

1.20 Expenses incurred on issue of shares/debentures are written off against securities premium accounts.

1.21 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

Notes forming part of Consolidated Financial Statements - March 31, 2014

2. Share capital

(I) Share capital authorised, issued and subscribed

Authorised Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Equity shares of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	100,000,000	100,000.00	100,000,000	100,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each fully paid up	1,718,448,975	171,844.90	1,716,760,532	171,676.05
8.75% Cumulative Compulsorily Redeemable Preference Shares of ₹ 100 each fully paid	75,000,000	75,000.00	75,000,000	75,000.00
9.00% Cumulative Compulsorily Redeemable Preference Shares of ₹ 100 each fully paid	25,000,000	25,000.00	-	-
	271,844.90		246,676.05	

(II) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
At the beginning of the year	1,716,760,532	171,676.05	1,714,761,612	171,476.16
Issued during the period				
- Issued under ESOP	1,688,443	168.85	1,998,920	199.89
Outstanding at the end of the year	1,718,448,975	171,844.90	1,716,760,532	171,676.05

8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
At the beginning of the year	75,000,000	75,000.00	-	-
Issued during the year	-	-	75,000,000	75,000.00
Outstanding at the end of the year	75,000,000	75,000.00	75,000,000	75,000.00

9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
At the beginning of the year	-	-	-	-
Issued during the year	25,000,000	25,000.00	-	-
Outstanding at the end of the year	25,000.00			

(III) Terms/rights attached to equity shares

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

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

Notes forming part of Consolidated Financial Statements - March 31, 2014

(IV) Terms/rights attached to preference shares

The CRPS will not have voting rights other than in respect of matters directly affecting it. In the event 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 years from the date of allotment. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment.

(V) Shares held by holding company

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Larsen & Toubro Limited and it's nominee Equity Shares of ₹ 10 each fully paid	1,316,589,609	131,658.96	1,417,024,221	141,702.42

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

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,316,589,609	76.61%	1,417,024,221	82.54%

Preference Shares	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% holding	No. of Shares	% holding
Azim H Premji	10,109,420	10.11%	9,131,304	12.18%
Shree Cement Limited	7,296,136	7.30%	-	-
Azim Premji Trust	5,109,420	5.11%	6,087,536	8.12%
ICICI Securities Primary Dealership Limited	4,546,594	4.55%	7,913,796	10.55%

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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ in Lakh	No. of Shares	₹ in Lakh
Equity Shares of ₹ 10 each	9,106,625	910.66	11,125,955	1,112.60

Notes forming part of Consolidated Financial Statements - March 31, 2014

3 Reserves & Surplus

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
(I) Securities premium account		
Balance as per last financial statements	146,378.46	147,490.77
Addition during the year	730.42	864.62
Less: Share issue expenses adjusted during the year	385.93	1,498.12
Less: Debenture issue expenses adjusted during the year (net of tax)	465.42	478.81
Closing Balance	146,257.53	146,378.46
(II) Debenture redemption reserve		
Balance as per last financial statements	25,100.00	53,300.00
Add/(less): Transferred to/(from) surplus in the statement of Profit and Loss	11,649.00	(28,200.00)
Closing Balance	36,749.00	25,100.00
(III) Reserve u/s 45-IC of Reserve Bank of India (RBI) Act, 1934		
Balance as per last financial statements	55,948.01	36,040.16
Add: Transferred from surplus in the statement of Profit and Loss	16,861.65	19,907.85
Closing Balance	72,809.66	55,948.01
(IV) General reserves		
Balance as per last financial statements	12.20	12.20
Add: Transferred from surplus in the statement of Profit and Loss	-	-
Closing Balance	12.20	12.20
(V) Reserve u/s 36(1)(viii) of Income Tax Act, 1961		
Balance as per last financial statements	13,912.00	4,686.00
Add: Transferred from surplus in the statement of Profit and Loss	6,440.00	9,226.00
Closing Balance	20,352.00	13,912.00
(VI) Employee Stock Option Outstanding Account		
Balance as per last financial statements	676.03	554.56
Addition during the year	149.42	302.61
Less: Allotment of shares	148.03	181.14
Closing Balance	677.43	676.03
(VII) Capital reserve on consolidation	49,235.93	49,235.93
(VIII) Reserve u/s 29C of National Housing Bank (NHB) Act, 1987		
Balance as per last financial statements	4.07	-
Add: Transferred from surplus in the statement of Profit and Loss	201.42	4.07
Closing Balance	205.49	4.07

Notes forming part of Consolidated Financial Statements - March 31, 2014

3 Reserves & Surplus

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
(IX) Surplus in the statement of Profit and Loss		
Balance as per last financial statements	84,078.98	27,034.94
Add: Net profit for the year	59,689.33	73,047.14
Less : Appropriations		
Dividend paid for previous year	3.16	-
Proposed dividend @ ₹ 0.75 per equity share	12,886.50	12,875.70
Proposed dividend on Cumulative Compulsorily Redeemable Preference Shares	-	150.00
Interim dividend on Cumulative Compulsorily Redeemable Preference Shares	7,597.50	-
Dividend Distribution Tax	3,656.03	2,039.48
Transfer to/(from) Debenture Redemption Reserve	11,649.00	(28,200.00)
Amalgamation adjustments	51.90	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	6,440.00	9,226.00
Transfer to reserve u/s 29-C of National Housing Bank	201.42	4.07
Transfer to reserve u/s 45-IC of RBI Act, 1934	16,861.65	19,907.85
Net surplus in the statement of profit and loss	84,421.15	84,078.98
Total reserves and surplus	410,720.39	375,345.68

4. Long term borrowings

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	Non current portion	Current maturities	Non current portion	Current maturities
(I) Secured				
Redeemable non convertible debentures	772,005.11	211,491.56	633,061.95	142,934.72
Less : Buy Back (Refer note 4(I)(II))	(1,263.81)	(831.73)	(922.50)	(584.72)
Term loans				
- From banks	1,066,961.53	472,367.33	762,221.17	428,870.72
- Foreign currency loan	71,962.04	108,749.12	30,803.00	-
Refinance from National Housing Bank	-	39.75	70.78	93.09
Total I	1,909,664.87	791,816.03	1,425,234.40	571,313.81

Notes forming part of Consolidated Financial Statements - March 31, 2014

4. Long term borrowings

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	Non current portion	Current maturities	Non current portion	Current maturities
(II) Unsecured				
Redeemable Non Convertible Debentures	74,110.00	10,000.00	56,600.00	34,900.00
Term loans				
- From banks	305,050.00	-	309,900.00	-
Perpetual debt	20,000.00	-	20,000.00	-
Loans and advances from related parties	20,000.00	-	-	-
Total II	419,160.00	10,000.00	386,500.00	34,900.00
Total Long Term Borrowings (I + II)	2,328,824.87	801,816.03	1,811,734.40	606,213.81

4.(I).(i) Security: The Debentures are secured by way of first/second charge, having pari passu rights, as the case may be, on the company's specified immovable properties and specified Lease/Term Loan receivables.

4. (I) (ii) During the year, the Company has bought back and is holding 58,832 nos. (previous year 150,722 nos.) debentures of ₹ 1,000 each aggregating to ₹ 588.32 (previous year ₹ 1,507.22) as on March 31, 2014, pending extinguishment / re-issue of the same.

4.(I).(iii) Utilisation of Proceeds: The funds raised through the above issues have been utilized for the Company's financing activities, repayment of existing loans and for its business operations including capital expenditure and working capital requirements.

4.(I).(iv) Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

Notes forming part of Consolidated Financial Statements - March 31, 2014

Note 4.(I). (V) Secured Redeemable Non-convertible Debentures - Private Placement :

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion (₹)	Current Maturities (₹)	Interest rate % p.a.	Date of redemption	Redeemable term
Series A of 2011-12	₹ 10 Lakh each	18 October 2011	50,000.00	50,000.00	-	9.70%	18 October 2028	At the end of 17 years from the date of allotment, Put call option at the end of 10 years
Series C of 2013-14	₹ 10 Lakh each	29 May 2013	11,000.00	11,000.00	-	8.35%	29 May 2023	Bullet payment on redemption date i.e., 29.05.23
Series E of 2012-13	₹ 10 Lakh each	9 January 2013	45,000.00	45,000.00	-	9.00%	11 January 2023	10 years from Deemed date of Allotment, redemption date is 11th Jan 23
Series H of 2013-14 - OPT II	₹ 25 Lakh each	16 January 2014	5,000.00	5,000.00	-	9.80%	16 January 2019	Bullet payment on redemption date i.e., 16.01.19
Series F of 2013-14	₹ 25 Lakh each	12 November 2013	5,100.00	5,100.00	-	9.70%	12 November 2018	Bullet payment on redemption date i.e., 12.11.18
Series D of 2013-14	₹ 10 Lakh each	30 May 2013	5,000.00	5,000.00	-	8.35%	30 May 2018	Bullet payment on redemption date i.e., 30.05.18
Series G of 2010-11	₹ 10 Lakh each	16 April 2010	7,500.00	7,500.00	-	8.91%	16 April 2018	At the end of 8 years from the date of allotment
Series A of FY 2013-14	₹ 10 Lakh each	5 April 2013	40,000.00	40,000.00	-	9.05%	5 April 2018	Redeemable at par at the end of 1,826 days from the date of allotment
Series B of 2012-13	₹ 10 Lakh each	11 September 2012	25,000.00	-	25,000.00	9.35%	11 September 2017	At the end of 5 years from the date of allotment, Put call option 2 years from date allotment
Series F of FY 2013-14	₹ 1 crores each	10 July 2013	10,000.00	10,000.00	-	Base Rate -15 bps	10 July 2017	Redeemable at par at the end of 1,461 days from the date of allotment
Series E of 2013-14	₹ 1 crores each	10 July 2013	20,000.00	20,000.00	-	9.85%	10 July 2017	Bullet payment on redemption date i.e., 10.07.17
Series C of FY 2013 - 14	₹ 1 crores each	10 July 2013	10,000.00	10,000.00	-	9.95%	10 July 2017	Redeemable at par at the end of 1,461 days from the date of allotment
Series A of FY 2013-14	₹ 1 crores each	10 July 2013	10,000.00	10,000.00	-	9.95%	10 July 2017	Redeemable at par at the end of 1,461 days from the date of allotment
Series F of 2010-11	₹ 10 Lakh each	16 April 2010	7,500.00	7,500.00	-	8.91%	15 April 2017	At the end of 7 years from the date of allotment
Series A of FY 2013-14	₹ 25 Lakh each	26 March 2014	19,500.00	19,500.00	-	10.40%	24 March 2017	Redeemable at par at the end of 1,094 days from the date of allotment
Series H of 2013-14 - OPT I	₹ 25 Lakh each	16 January 2014	1,500.00	1,500.00	-	9.80%	16 January 2017	Bullet payment on redemption date i.e., 16.01.17
Series E of FY 2013-14-Option II	₹ 25 Lakh each	20 March 2014	900.00	900.00	-	10.23%	3 January 2017	Redeemable at par at the end of 1,020 days from the date of allotment
Series E of FY 2013 - 14 - Opt III	₹ 25 Lakh each	26 December 2013	325.00	325.00	-	10.05%	22 December 2016	Redeemable at par at the end of 1,092 days from the date of allotment
Series G of 2013-14	₹ 25 Lakh each	9 December 2013	4,300.00	4,300.00	-	9.90%	9 December 2016	Bullet payment on redemption date i.e., 09.12.16
Series H of FY 2013-14	₹ 25 Lakh each	29 October 2013	17,400.00	17,400.00	-	9.95%	28 October 2016	Redeemable at par at the end of 1,095 days from the date of allotment
Series H of FY 2013-14	₹ 25 Lakh each	29 October 2013	1,000.00	1,000.00	-	NSE M+155 bps	28 October 2016	Redeemable at par at the end of 1,095 days from the date of allotment
Series H of FY 2013-14	₹ 25 Lakh each	29 October 2013	500.00	500.00	-	9.95%	20 October 2016	Redeemable at par at the end of 1,087 days from the date of allotment
Series G of FY 2013-14	₹ 25 Lakh each	11 October 2013	10,500.00	10,500.00	-	10.20%	11 October 2016	Redeemable at par at the end of 1,096 days from the date of allotment
Series D of FY 2013-14	₹ 10 Lakh each	20 May 2013	5,500.00	5,500.00	-	8.90%	20 May 2016	Redeemable at par at the end of 1,096 days from the date of allotment
Series D of FY 2013-14	₹ 10 Lakh each	20 May 2013	5,000.00	5,000.00	-	8.90%	20 May 2016	Redeemable at par at the end of 1,096 days from the date of allotment
Series E of 2010-11	₹ 10 Lakh each	16 April 2010	7,500.00	7,500.00	-	8.91%	16 April 2016	At the end of 6 years from the date of allotment
Series L of FY 2012-13	₹ 10 Lakh each	18 December 2012	2,500.00	2,500.00	-	9.45%	18 December 2015	Redeemable at par at the end of 1,095 days from the date of allotment
Series H of FY 2013-14	₹ 25 Lakh each	29 October 2013	1,500.00	1,500.00	-	9.95%	29 October 2015	Redeemable at par at the end of 730 days from the date of allotment
Series N of 2013-14	₹ 25 Lakh each	28 February 2014	15,000.00	15,000.00	-	9.99%	31 August 2015	Bullet payment on redemption date i.e., 31.08.15
Series B of FY 2013-14	₹ 25 Lakh each	13 February 2014	5,000.00	5,000.00	-	10.15%	13 August 2015	Redeemable at par at the end of 546 days from the date of allotment
Series A of FY 2012-13	₹ 10 Lakh each	21 March 2013	2,000.00	2,000.00	-	9.70%	6 August 2015	Redeemable at par at the end of 868 days from the date of allotment
Series B of 2013-14	₹ 10 Lakh each	15 May 2013	25,000.00	25,000.00	-	8.95%	15 June 2015	Bullet payment on redemption date i.e., 15.06.15
Series E of FY 2013 - 14 - Opt I	₹ 25 Lakh each	26 December 2013	1,000.00	1,000.00	-	9.97%	5 June 2015	Redeemable at par at the end of 526 days from the date of allotment

Notes forming part of Consolidated Financial Statements - March 31, 2014

Note 4.(i), (v) Secured Redeemable Non-convertible Debentures - Private Placement :

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion (₹)	Current Maturities (₹)	Interest rate % p.a.	Date of redemption	Redeemable term
Series B of FY 2013-14	₹ 25 Lakh each	27 November 2013	1,500.00	1,500.00	-	10.35%	27 May 2015	Redeemable at par at the end of 546 days from the date of allotment
Series C of FY 2013-14	₹ 10 Lakh each	17 May 2013	10,000.00	10,000.00	-	8.90%	15 May 2015	Redeemable at par at the end of 728 days from the date of allotment
Series C of FY 2013-14	₹ 10 Lakh each	17 May 2013	5,000.00	5,000.00	-	8.90%	15 May 2015	Redeemable at par at the end of 728 days from the date of allotment
Series B of FY 2013-14	₹ 25 Lakh each	27 November 2013	3,000.00	3,000.00	-	10.35%	5 May 2015	Redeemable at par at the end of 524 days from the date of allotment
Series A of 2013-14	₹ 10 Lakh each	2 May 2013	12,500.00	12,500.00	-	8.95%	4 May 2015	Bullet payment on redemption date i.e., 04.05.15
Series D of FY 2013-14-Option I	₹ 25 Lakh each	25 March 2014	7,500.00	7,500.00	-	10.25%	28 April 2015	Redeemable at par at the end of 399 days from the date of allotment
Series J of FY 2013-14	₹ 25 Lakh each	27 March 2014	15,000.00	15,000.00	-	9.80%	27 April 2015	Redeemable at par at the end of 396 days from the date of allotment
Series D of FY 2013-14-Option II	₹ 25 Lakh each	25 March 2014	12,500.00	12,500.00	-	10.20%	27 April 2015	Redeemable at par at the end of 398 days from the date of allotment
Series C of FY 2013-14	₹ 25 Lakh each	25 March 2014	30,000.00	30,000.00	-	10.20%	23 April 2015	Redeemable at par at the end of 394 days from the date of allotment
Series F of FY 2013-14	₹ 25 Lakh each	21 March 2014	16,000.00	16,000.00	-	10.10%	21 April 2015	Redeemable at par at the end of 396 days from the date of allotment
Series E of FY 2013-14-Option I	₹ 25 Lakh each	20 March 2014	5,000.00	5,000.00	-	10.25%	20 April 2015	Redeemable at par at the end of 396 days from the date of allotment
Series D of 2010-11	₹ 10 Lakh each	16 April 2010	7,500.00	7,500.00	-	8.91%	16 April 2015	At the end of 5 years from the date of allotment
Series P of 2013-14 - OPT V	₹ 25 Lakh each	14 March 2014	5,000.00	5,000.00	-	9.96%	16 April 2015	Bullet payment on redemption date i.e., 16.04.15
Series B of FY 2013-14	₹ 10 Lakh each	15 April 2013	2,500.00	2,500.00	-	9.20%	15 April 2015	Redeemable at par at the end of 730 days from the date of allotment
Series J of FY 2013-14	₹ 25 Lakh each	27 March 2014	1,600.00	1,600.00	-	9.59%	8 April 2015	Redeemable at par at the end of 377 days from the date of allotment
Series P of 2013-14 - OPT III	₹ 25 Lakh each	14 March 2014	2,000.00	2,000.00	-	9.97%	8 April 2015	Bullet payment on redemption date i.e., 08.04.15
Series J of FY 2013-14	₹ 25 Lakh each	27 March 2014	10,900.00	10,900.00	-	9.59%	7 April 2015	Redeemable at par at the end of 376 days from the date of allotment
Series P of 2013-14 - OPT II	₹ 25 Lakh each	14 March 2014	1,600.00	1,600.00	-	9.97%	7 April 2015	Bullet payment on redemption date i.e., 07.04.15
Series A of FY 2013-14	₹ 25 Lakh each	27 November 2013	2,000.00	2,000.00	-	10.44%	7 April 2015	Redeemable at par at the end of 496 days from the date of allotment
Series J of FY 2013-14	₹ 25 Lakh each	27 March 2014	500.00	500.00	-	9.59%	6 April 2015	Redeemable at par at the end of 375 days from the date of allotment
Series P of 2013-14 - OPT IV	₹ 25 Lakh each	14 March 2014	30,000.00	30,000.00	-	9.99%	6 April 2015	Bullet payment on redemption date i.e., 06.04.15 and Call Option date is 16.06.14 which ever is earlier
Series E of FY 2013 - 14 - OPT II	₹ 25 Lakh each	26 December 2013	300.00	300.00	-	9.97%	3 April 2015	Redeemable at par at the end of 463 days from the date of allotment
Series P of 2013-14 - OPT I	₹ 25 Lakh each	14 March 2014	2,500.00	2,500.00	-	9.98%	2 April 2015	Bullet payment on redemption date i.e., 02.04.15
Series A of FY 2012-13	₹ 10 Lakh each	21 March 2013	5,000.00	5,000.00	-	9.84%	2 April 2015	Redeemable at par at the end of 742 days from the date of allotment
Series A of FY 2012-13	₹ 10 Lakh each	21 March 2013	4,000.00	4,000.00	-	9.74%	2 April 2015	Redeemable at par at the end of 742 days from the date of allotment
Series E of FY 2011-12	₹ 10 Lakh each	15 December 2011	3,000.00	-	3,000.00	10.04%	15 December 2014	Redeemable at par at the end of 1,096 days from the date of allotment
Series C of 2012-13	₹ 10 Lakh each	30 November 2012	25,000.00	-	25,000.00	9.13%	28 November 2014	2 years from deemed date of allotment, call option exercised 17 months from deemed date of allotment
Series D of FY 2011-12	₹ 10 Lakh each	5 December 2011	5,000.00	-	5,000.00	10.25%	4 November 2014	Redeemable at par at the end of 1,065 days from the date of allotment
Series G of FY 2012-13	₹ 10 Lakh each	18 October 2012	5,000.00	-	5,000.00	9.48%	17 October 2014	Redeemable at par at the end of 729 days from the date of allotment
Series H of FY 2012-13	₹ 10 Lakh each	19 October 2012	1,500.00	-	1,500.00	9.48%	17 October 2014	Redeemable at par at the end of 728 days from the date of allotment

Notes forming part of Consolidated Financial Statements - March 31, 2014

Note 4.(i) (V) Secured Redeemable Non-Convertible Debentures - Private Placement :

Series	Face Value Per Debentures	Date Of Allotment	Amount	Non Current Portion (₹)	Current Maturities (₹)	Interest Rate % p.a.	Date Of redemption	Redeemable term
Series D Of FY 2013 - 14	₹ 25 Lakh Each	13 September 2013	1,625.00	-	1,625.00	11.75%	10 October 2014	Redeemable at par at the end of 392 days from the date of allotment
Series F Of FY 2012-13	₹ 10 Lakh Each	8 October 2012	5,000.00	-	5,000.00	9.75%	8 October 2014	Redeemable at par at the end of 730 days from the date of allotment
Series B Of FY 2009-10	₹ 10 Lakh Each	29 September 2009	11,500.00	-	11,500.00	9.62%	29 September 2014	Redeemable at par at the end of 1,826 days from the date of allotment
Series D Of FY 2012-13	₹ 10 Lakh Each	27 July 2012	3,500.00	-	3,500.00	9.97%	25 July 2014	Redeemable at par at the end of 728 days from the date of allotment
Series C Of FY 2012-13	₹ 1 Crores Each	29 June 2012	15,000.00	-	15,000.00	Base Rate	29 June 2014	Redeemable at par at the end of 730 days from the date of allotment
Series B Of FY 2012-13	₹ 10 Lakh Each	14 June 2012	22,000.00	-	22,000.00	10.15%	13 June 2014	Redeemable at par at the end of 729 days from the date of allotment
Series B Of FY 2012-13	₹ 10 Lakh Each	14 June 2012	7,500.00	-	7,500.00	10.15%	13 June 2014	Redeemable at par at the end of 729 days from the date of allotment
Series A Of FY 2011-12	₹ 10 Lakh Each	31 May 2011	10,000.00	-	10,000.00	NSE M+245 Bps	31 May 2014	Redeemable at par at the end of 1,096 days from the date of allotment
Series G Of FY 2011-12	₹ 10 Lakh Each	22 March 2012	2,500.00	-	2,500.00	9.83%	30 April 2014	Redeemable at par at the end of 769 days from the date of allotment
Series G Of FY 2011-12	₹ 10 Lakh Each	22 March 2012	1,100.00	-	1,100.00	9.83%	29 April 2014	Redeemable at par at the end of 768 days from the date of allotment
Series A Of FY 2012-13	₹ 10 Lakh Each	27 April 2012	12,500.00	-	12,500.00	9.80%	25 April 2014	Redeemable at par at the end of 728 days from the date of allotment
Series A Of FY 2012-13	₹ 10 Lakh Each	27 April 2012	1,000.00	-	1,000.00	9.80%	25 April 2014	Redeemable at par at the end of 728 days from the date of allotment
Series G Of FY 2012-13	₹ 10 Lakh Each	18 October 2012	5,000.00	-	5,000.00	9.41%	17 April 2014	Redeemable at par at the end of 546 days from the date of allotment
Series C Of 2010-11	₹ 10 Lakh Each	16 April 2010	7,500.00	-	7,500.00	8.91%	16 April 2014	At the end of 4 years from the date of allotment
Series G Of FY 2011-12	₹ 10 Lakh Each	22 March 2012	1,400.00	-	1,400.00	9.84%	3 April 2014	Redeemable at par at the end of 742 days from the date of allotment
Public Placement :			717,050.00	545,425.00	171,625.00			

Series	Face Value Per Debentures	Date Of Allotment	Amount	Non Current Portion	Current Maturities	Interest Rate % p.a.	Date Of redemption	Redeemable term
NCD 2009 Series 4	₹ 1000 Each	17 September 2009	46,485.51	46,485.51	-	10.24%	17 September 2019	Redeemable at par at the end of 120 months from the date of allotment
Series 2010A - 1	₹ 1000 Each	2 December 2010	1,908.20	1,908.20	-	7.75%	2 December 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 7 years from the date of allotment.
Series 2010A - 2	₹ 1000 Each	2 December 2010	4,717.17	4,717.17	-	7.75%	2 December 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 7 years from the date of allotment.

Notes forming part of Consolidated Financial Statements - March 31, 2014

Note 4.(i) (V) Secured Redeemable Non-convertible Debentures - Private Placement :

Public Placement :

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of redemption	Redeemable term
Series 2012 A - 1	₹ 1000 each	24 March 2012	12,129.31	12,129.31	-	8.70%	24 March 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
Series 2012 A - 2	₹ 1000 each	24 March 2012	35,755.18	35,755.18	-	8.70%	24 March 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
NCD 2009 Series 3	₹ 1000 each	17 September 2009	12,384.12	12,384.12	-	9.95%	17 January 2017	Redeemable at par at the end of 88 months from the date of allotment
Series 2011 B - 1	₹ 1000 each	10 January 2012	15,184.82	15,184.82	-	9.00%	10 January 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
Series 2011 B - 2	₹ 1000 each	10 January 2012	37,755.81	37,755.81	-	9.00%	10 January 2017	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
Series 2011 A - 1	₹ 1000 each	23 March 2011	9,069.27	9,069.27	-	8.20%	23 March 2016	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
Series 2011 A - 2	₹ 1000 each	23 March 2011	30,930.73	30,930.73	-	8.30%	23 March 2016	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years and 7 years from the date of allotment.
Series 2010 A - 3	₹ 1000 each	2 December 2010	6,289.78	6,289.78	-	7.50%	2 December 2015	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years from the date of allotment.
Series 2010 A - 4	₹ 1000 each	2 December 2010	12,706.40	12,706.40	-	7.50%	2 December 2015	At the end of 10 years from the date of allotment. Buyback option available to the investors at the end of 5 years from the date of allotment.
NCD 2009 Series 2	₹ 1000 each	17 September 2009	28,817.92	-	28,817.92	9.62%	17 September 2014	Redeemable at par at the end of 60 months from the date of allotment
NCD 2009 Series 1	₹ 1000 each	17 September 2009	10,216.91	-	10,216.91	9.51%	17 September 2014	Redeemable at par at the end of 60 months from the date of allotment
Grand Total			264,351.13	225,316.30	39,034.83			
			981,401.13	770,741.30	210,659.83			

Notes forming part of Consolidated Financial Statements - March 31, 2014

4.(I).(VI) Term Loans From Bank :

(₹ in Lakh)

Repayment Terms	Tenure	Interest Rate Range	Non Current Portion	Current Maturities
Bullet	Upto 5 Years	6.01%-7.00%	-	11,983.00
Bullet	Upto 5 Years	8.01%-9.00%	11,983.00	-
Bullet	Upto 5 Years	9.01%-10.00%	50,000.00	-
Bullet	Upto 5 Years	10.01%-11.00%	168,442.00	144,978.38
Bullet	Upto 5 Years	Above 11.00%	24,208.00	-
Quarterly	Upto 5 Years	8.01%-9.00%	-	39.75
Quarterly	Upto 5 Years	9.01%-10.00%	90,000.00	-
Quarterly	Upto 5 Years	10.01%-11.00%	235,055.28	233,123.75
Quarterly	Upto 5 Years	Above 11.00%	15,625.00	44,583.33
Quarterly	Over 5 Years	10.01%-11.00%	295,185.75	90,000.00
Half Yearly	Upto 5 Years	8.01%-9.00%	14,978.75	-
Half Yearly	Upto 5 Years	10.01%-11.00%	17,500.00	10,000.00
Half Yearly	Over 5 Years	10.01%-11.00%	176,686.25	35,168.00
Annual	Upto 5 Years	10.01%-11.00%	20,259.53	10,280.00
Annual	Over 5 Years	10.01%-11.00%	19,000.00	1,000.00
			1,138,923.56	581,156.21

4.(II).(i) Unsecured Redeemable Non-convertible Debentures/Subordinate Debt :

₹ in Lakh

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % P.a.	Date of redemption
Series I of FY 2013-14	₹ 10 Lakh each	27 March 2014	3,610.00	3,610.00	-	10.35%	27 March 2024
Series F of FY 2013-14	₹ 1000 each	27 March 2014	500.00	500.00	-	10.90%	27 March 2024
Series M 2013-14	₹ 1 Crores each	14 March 2014	3,000.00	3,000.00	-	9.73%	14 March 2024
Series O 2013-14	₹ 1 Crores each	4 March 2014	500.00	500.00	-	9.73%	4 March 2024
Series L 2013-14	₹ 1 Crores each	18 February 2014	2,000.00	2,000.00	-	9.73%	16 February 2024
Series K 2013-14	₹ 1 Crores each	10 February 2014	2,000.00	2,000.00	-	9.73%	9 February 2024
Series J 2013-14	₹ 1 Crores each	31 January 2014	2,500.00	2,500.00	-	9.73%	31 January 2024
Series I 2013-14	₹ 1 Crores each	29 January 2014	5,000.00	5,000.00	-	10.35%	29 January 2024
Series J of FY 2012-13	₹ 10 Lakh each	21 December 2012	27,500.00	27,500.00	-	9.80%	21 December 2022
Series A 2012-13	₹ 1 Crores each	30 April 2012	20,000.00	20,000.00	-	9.90%	29 April 2022
Series H of FY 2007-08	₹ 10 Lakh each	20 February 2008	7,500.00	7,500.00	-	10.50%	20 February 2018
Series A of FY 2012-13	₹ 10 Lakh each	15 November 2012	10,000.00	-	10,000.00	10.07%	16 May 2014
			84,110.00	74,110.00	10,000.00		

4.(II).(ii) Term loan from banks :

₹ in Lakh

Repayment terms	Tenure	Interest Rate Range	Non Current Portion
Bullet	up to 5 years	10.01%-11.00%	255,050.00
Bullet	up to 5 years	Above 11.00%	50,000.00
			305,050.00

Notes forming part of Consolidated Financial Statements - March 31, 2014

4.(II).(iii) Perpetual debt

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non current portion	Current maturities	Interest rate % p.a.
Series F of FY 2011-12	₹ 10 Lakh each	Dec 30, 2011	20,000.00	20,000.00	-	11.50%

4.(II).(iv) Inter Corporate Borrowing

(₹ in Lakh)

Amount	Non current portion	Current maturities	Interest rate	Date of redemption	Redemption term
20,000.00	20,000.00	-	10.25%	June 11, 2015	Redeemable at par on maturity

5. Other long term liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on debentures	37,140.49	28,603.15
Long term obligations	4,210.76	-
Security deposits and margin money received	2,499.83	2,300.65
Deferred income on loan processing and assignments	3,560.39	4,048.18
Others	1,474.77	827.76
Total other long term liabilities	49,360.58	35,779.74

6. Long term provisions

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Contingent provision against standard assets	9,378.35	7,523.77
Interest capitalised on restructured assets	10,389.48	4,181.63
For Employee benefits		
- Gratuity	231.12	902.36
	231.12	902.36
Total long term provisions	19,998.95	12,607.76

Notes forming part of Consolidated Financial Statements - March 31, 2014

7. Short term borrowings

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
(I) Secured				
Term loans				
- From banks		45,000.00		25,000.00
Bank overdraft/ Cash Credit		7,659.97		27,456.46
Working capital demand loan		5,400.00		-
Total I		58,059.97		52,456.46
(II) Unsecured				
Term loans				
- From banks		2,200.00		10,000.00
Commercial papers	352,800.00		340,995.00	
Less : Unexpired discounting charge	5,952.06	346,847.94	5,673.38	335,321.62
Loans and advances from related parties (ICDs)		5,140.60		5,044.10
Bank overdraft/ Cash Credit		20,467.28		3,971.17
Working capital demand loan		22,000.00		-
Total II		396,655.82		354,336.89
Total short term borrowings Total (I + II)		454,715.79		406,793.35

8 Trade payable

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
- Dues to Micro and Small Enterprises		-		-
- Others		3,716.74		2,158.19
Total trade payable		3,716.74		2,158.19

Notes forming part of Consolidated Financial Statements - March 31, 2014

9 Other current liabilities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on debentures	17,049.31	11,216.72
Interest accrued but not due on other borrowings	20,326.47	16,914.22
Deferred income on loan processing and assignments	1,489.63	2,093.30
Security deposits and cash margin money received	602.90	2,282.06
Short term obligations	26,576.53	33,640.57
Statutory dues	3,859.68	3,667.27
Advance from customers	14,363.46	8,568.48
Trade payable for capital goods	104.19	59.32
Debenture application money refundable	119.98	367.13
Unclaimed dividend	26.77	-
Unclaimed interest on debentures	767.99	768.71
Bank book credit balance	28,056.62	18,697.15
Accrued expenses	9,090.67	8,717.23
Refundable for excess application for CRPS	-	30,041.00
Interest payable on CRPS Application Refund / Allotment	-	62.41
Other liabilities	4,726.83	2,662.77
Total other current liabilities	127,161.03	139,758.34

10 Short term provisions

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Contingent provision against standard assets	3,344.15	3,111.60
For Employee benefits		
- Gratuity	8.52	137.64
- Leave Encashment	1,494.65	1,486.55
- Others	77.11	87.84
Proposed dividend @ ₹ 0.75 per equity share	12,888.37	12,875.70
Proposed dividend on Cumulative Compulsorily Redeemable Preference Shares	-	150.00
Dividend Distribution Tax	3.17	2,039.48
Others	117.34	1.75
Total short term provisions	17,933.31	19,890.56

Notes forming part of Consolidated Financial Statements - March 31, 2014

Notes 11 : Fixed Assets

Particulars	(₹ in Lakh)									
	As at 1-Apr-13	Additions	Gross Block Adjustments on acquisition	Sale / Adjustment	As at 31-Mar-14	Upto 31-Mar-13	For the year	Deduction	Upto 31-Mar-14	Net Block As at 31-Mar-13
Tangible Assets										
Owned Assets										
Land - freehold	15,596.33	-	202.17	-	15,798.50	-	-	-	15,798.50	15,596.33
Buildings	5,801.85	2,104.58	2,845.55	-	10,751.98	552.45	134.45	-	10,065.08	5,249.40
Office Equipment	1,921.61	350.10	-	37.39	2,234.32	1,248.74	189.67	25.28	1,413.13	672.87
Furniture and fixtures	1,885.45	267.11	-	166.23	1,986.33	1,031.62	141.69	93.32	1,079.99	853.83
Leasehold Renovation	2,579.73	703.05	-	87.88	3,194.90	1,232.51	526.61	86.91	1,672.21	1,347.22
Computers	5,238.17	1,458.05	-	16.19	6,680.03	3,660.95	739.73	14.57	4,386.11	1,577.22
Motor car	79.33	-	-	-	79.33	30.61	16.43	-	47.04	48.72
Owned Assets Leased out										
Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	6,911.27	5,192.23	-	2,178.28	9,925.22	2,777.40	1,087.24	762.98	3,101.66	4,133.87
Office Equipment	65.97	150.38	-	13.08	203.27	16.13	18.92	6.58	28.47	49.84
Furniture and fixtures	1,550.85	-	-	120.00	1,430.85	330.57	94.37	23.42	401.52	1,220.28
Motor car	19,762.51	5,658.06	-	3,699.66	21,720.91	5,172.19	3,143.61	1,685.94	6,629.86	14,590.32
Vehicles	904.80	-	-	-	904.80	363.22	144.58	-	507.80	541.58
Computers	4,677.57	1,645.34	-	1,048.13	5,274.78	3,085.74	827.18	770.53	3,142.39	1,591.83
(A)	66,975.44	17,528.90	3,047.72	7,366.84	80,185.22	19,502.13	7,064.48	3,469.53	23,097.08	47,473.31
Intangible Assets										
Owned Assets										
Specialised software	4,931.13	1,472.47	-	15.59	6,388.01	3,642.72	949.79	13.72	4,578.79	1,288.41
(B)	4,931.13	1,472.47	-	15.59	6,388.01	3,642.72	949.79	13.72	4,578.79	1,288.41
Total (A) + (B)	71,906.57	19,001.37	3,047.72	7,382.43	86,573.23	23,144.85	8,014.27	3,483.25	27,675.87	48,761.72
Previous year	106,061.03	35,393.96	6,833.30	27,848.18	113,606.81	58,205.69	6,512.58	11,527.34	53,190.93	-

Notes forming part of Consolidated Financial Statements - March 31, 2014

12 Non current investments

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of shares / Debentures		No. of shares / Debentures	
12.(I) Trade Investments (valued at cost unless stated otherwise)				
Unquoted equity instruments				
Investment in Associates				
Feedback Infrastructure Services Private Limited (Equity Shares of ₹ 100 each fully paid)	3,790,000	1,942.49	3,790,000	1,942.49
Add : Goodwill on acquisition		1,847.51		1,847.51
Add : Adjustment for post acquisition share of profit		333.54		128.37
NAC Infrastructure Equipment Limited (Equity Shares of ₹ 10 each fully paid)	4,500,000	450.00	4,500,000	450.00
Total (A)		4,573.54		4,368.37
12.(II) Other Investments (valued at cost unless stated otherwise)				
A) Quoted instruments				
Investment in equity				
City Union Bank Limited (Equity Shares of ₹ 1 each fully paid)	24,712,337	3,890.62	19,195,012	3,338.88
Integrated Digital Info Services Limited (Equity Shares of ₹ 10 each fully paid)	383,334	11.73	383,334	11.73
Elque Polyesters Limited (Equity Shares of ₹ 10 each fully paid)	194,300	19.43	194,300	19.43
Monnet Industries Limited (Equity Shares of ₹ 10 each fully paid)	5,640	2.26	5,640	2.26
Monnet Ispat And Energy Limited (Equity Shares of ₹ 10 each fully paid)	3,008	0.75	3,008	0.75
Monnet Project Developers Limited (Equity Shares of ₹ 10 each fully paid)	11,280	4.51	11,280	4.51
Jaypee Infratech Limited (Equity Shares of ₹ 10 each fully paid)	3,785,221	1,331.01	-	-
Glodyne Technoserve Limited (Equity Shares of ₹ 6 each fully paid)	319,262	22.67	-	-
Investment in Debentures				
IDFC Limited (M+150bps) May 16, 2017 (Debentures of ₹ 1,000,000 each)	400	4,683.98	400	4,683.98
B) Unquoted instruments				
Investment in equity				
Invent Assets Securitisation & Reconstruction Private Limited (Equity Shares of ₹ 10 each fully paid)	7,100,000	1,597.50	7,100,000	1,597.50
Alpha Micro Finance Consultants Private Limited (Equity Shares of ₹ 10 each fully paid)	200,000	20.00	200,000	20.00
Metropoli Overseas Limited (Equity Shares of ₹ 10 each fully paid)	99,400	14.91	99,400	14.91
Anil Chemicals and Industries Limited (Equity Shares of ₹ 10 each fully paid)	40,000	8.00	40,000	8.00
BSCPL Infrastructure Limited (Equity Shares of ₹ 10 each fully paid)	1,047,916	6,004.56	1,047,916	6,004.56
Tikona Digital Networks Private Limited (Equity Shares of ₹ 10 each fully paid)	605	17.18	316	8.97
Bhoruka Power Corporation Limited (Equity Shares of ₹ 10 each fully paid)	100	0.85	587,850	5,000.00

Notes forming part of Consolidated Financial Statements - March 31, 2014

12 Non current investments (contd.)

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of shares / Debentures		No. of shares / Debentures	
Bhoruka Power Holdings Private Limited (Equity Shares of ₹ 10 each fully paid)	100	0.02	-	-
Ardom Telecom Limited (Equity Shares of ₹ 10 each fully paid)	-	-	648,649	200.00
The Kalyan Janatha Sahakari Bank Limited (Equity Shares of ₹ 25 each fully paid)	20,000	5.00	20,0000	5.00
The Malad Sahakari Bank Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	1,000	0.01
Mission Holdings Private Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	-	-
Hanjer Biotech Energies Private Limited (Equity Shares of ₹ 10 each fully paid)	208,716	944.31	-	-
Coastal Projects Limited (Equity Shares of ₹ 10 each fully paid)	328,526	1,481.54	-	-
Investments in units of fund				
LICHFL Urban Development Fund	2,870	287.00	2,000	200.00
L&T Infra Investments Partner Fund	1,041,689	10,452.69	-	-
Investments in Debentures				
Compulsory Convertible Debentures				
Tikona Digital Networks Private Limited (Debentures of ₹ 2,840 each fully paid)	541,040	15,365.54	519,212	14,745.62
Bhoruka Power Corporation Limited (Debentures of ₹ 100,000 each fully paid)	15,336	15,336.00	-	-
Multiple option exchangeable debentures				
Mission Holdings Private Limited (Debentures of ₹ 100,000 each fully paid)	5,500	5,500.00	-	-
Investments in Cumulative Redeemable Preference Shares				
Anrak Aluminium Limited (10% Preference Shares of ₹ 10 each fully paid)	125,000,000	12,500.00	125,000,000	12,500.00
KSK Energy Ventures Limited (8% Preference Shares of ₹ 10 each fully paid)	340,000,000	3,400.00	100,000,000	6,700.00
Cumulative Convertible Preference Shares (CCPS)				
Ardom Telecom Limited (CCPS of ₹ 100,000 each fully paid)	-	-	1,800	1,800.00
Others				
KKR India debt Opportunities Fund III		725.00		-
Phoenix ARC Private Limited				
Security receipt		12,197.38		867.43
Security receipt - pending allotment		-		437.33
Sponsoror's contribution to trustee		0.10		
LTFL Securitisation Trust 2002		0.01		0.01
12% National Saving Certificate 2002 (Deposited as security with sales tax authorities)		0.04		0.04
Total (B)		95,824.61		58,170.92
(A + B)		100,398.15		62,539.29
Less : Provision for diminution in the value of Investments		1,466.66		510.46
Total non current investments		98,931.49		62,028.83
Note:				
Aggregate amount of quoted investments (Market value of ₹ 18,810.48 Lakh (Previous Year ₹ 17,680.95 Lakh))		9,966.95		8,061.54
Aggregate amount of unquoted investments		90,430.64		54,477.75

Notes forming part of Consolidated Financial Statements - March 31, 2014

13 Deferred tax assets (net)

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax assets (net) in the statement of Profit & Loss account on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	-	-
Amount transferred to Special Reserve	516.57	493.09
Other item giving rise to timing difference	543.84	721.60
	1,060.41	1,214.69
Deferred tax assets		
Provision for NPA	16,996.95	8,938.73
Provision on Standard Assets	353.50	348.34
Difference between book depreciation and tax depreciation	1,175.05	488.43
Provision for leave encashment	165.61	266.02
Other item giving rise to timing difference	4,110.96	3,861.51
	22,802.07	13,903.03
Net deferred tax assets	21,741.66	12,688.34

14 Long term loans and advances

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Unsecured (Considered good)		
Capital Advances	194.64	348.18
Advance taxes (net)	15,133.54	12,669.24
Security Deposit	4,320.14	4,486.78
Total long term loans and advances	19,648.32	17,504.20

Notes forming part of Consolidated Financial Statements - March 31, 2014

15 Long term loans and advances towards financing activities

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	Non current portion#	Current maturities	Non current portion#	Current maturities
(I) Secured				
Considered good				
Term loans	2,531,140.91	836,032.70	2,060,903.21	734,608.54
Finance lease	8,372.33	5,459.25	9,167.49	5,576.03
Debentures	191,237.95	13,690.00	76,833.33	18,298.89
	2,730,751.19	855,181.95	2,146,904.03	758,483.46
Less : Allowances for non-performing assets	32,426.68	-	14,472.12	-
Less: Provision on restructured assets	6,898.12	-	3,059.91	-
Less : Allowances for standard assets	2,871.00	-	3,792.81	-
Total I	2,688,555.39	855,181.95	2,125,579.19	758,483.46
(II) Unsecured				
Term loans	100,782.80	42,954.17	74,474.73	35,889.19
Debentures	-	-	4,000.00	-
	100,782.80	42,954.17	78,474.73	35,889.19
Less : Allowances for non-performing assets	2,919.12	-	8,356.77	-
Total II	97,863.68	42,954.17	70,117.96	35,889.19
Total long term loans and advances towards financing activities (I + II)	2,786,419.07	898,136.12	2,195,697.15	794,372.65

#Borrower wise loans and advances towards financing activity under the NPA category has been treated as non - current.

16 Other non current assets

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Advances recoverable in cash or in kind or for value to be received	6,087.73	1,303.96
Accrued interest on debentures and loans	8,836.41	5,833.59
Others	16.09	18.77
Total other non current assets	14,940.23	7,156.32

Notes forming part of Consolidated Financial Statements - March 31, 2014

17 Current investments

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
	No. of units		No. of units	
Non-trade Investments (valued at cost unless stated otherwise)				
Investment in Equity shares				
Quoted instruments				
C&C Construction Limited (Equity Shares of ₹ 10 each fully paid)	877,081	371.01	877,081	421.88
B.L. Kashyap & Sons Limited (Equity Shares of ₹ 1 each fully paid)	7,882,522	413.83	-	-
Government of India securities				
7.50% Government of India Stock 2034	14,000	14.17	14,000	14.17
6.13% Government of India Stock 2028	40,000	38.22	40,000	38.22
7.30% Food Corporation of India Bonds 2015	10,000	10.02	10,000	10.02
Unquoted instruments				
Investment in Equity shares				
ICOMM Tele Limited (Equity Shares of ₹ 10 each fully paid)	41,667	50.00	41,667	50.00
VMC Systems Limited (Equity Shares of ₹ 10 each fully paid)	460,492	897.96	-	-
Investment in Preference shares				
Current maturity of long term investment				
KSK Energy Ventures Limited (Equity Shares of ₹ 10 each fully paid)	33,000,000	3,300.00	33,000,000	3,300.00
Investment in Mutual Funds		169,214.23		118,580.88
Investment in land and buildings				
Investment in land and buildings (acquired in satisfaction of debts)		-		42.52
		174,309.44		122,457.69
Less : Provision for diminution in the value of Investments		213.14		218.26
Total current investments		174,096.30		122,239.43

Notes forming part of Consolidated Financial Statements - March 31, 2014

18 Trade receivable

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
Secured				
Considered good				
Debts outstanding for a period exceeding six months	-	-	-	-
Other	563.78	563.78	418.60	418.60
Unsecured				
Considered good				
Debts outstanding for a period exceeding six months	154.04		145.25	
Other	2,353.85	2,507.89	2,377.98	2,523.23
Total trade receivable		3,071.67		2,941.83

19 Cash and bank balances

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
Cash and cash equivalents				
Balance with Banks				
In current account	19,697.57		21,275.68	
In deposit account	42,045.54		7,476.59	
(Deposits with original maturity of less than three months)				
Cash on hand	760.91		303.33	
Cheques on hand	14,402.83		6.52	
Other balances				
In earmarked accounts				
-Unclaimed infrastructure bonds application money	119.98		-	
-Unclaimed interest on infrastructure bonds	767.88		-	
Deposits with original maturity for more than 3 months but less than 12 months	479.18		8,123.19	
Deposits with original maturity for more than 12 months	-		3.82	
Total cash and bank balances		78,273.89		37,189.13

Notes forming part of Consolidated Financial Statements - March 31, 2014

20 Short term loans and advances towards financing activities

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
(I) Secured		
Term loans	236.34	65,733.52
	236.34	65,733.52
(II) Unsecured		
Term loans	184,923.51	164,190.22
	184,923.51	164,190.22
Total short term loans and advances towards financing activities	185,159.85	229,923.74

21 Other current assets

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Advances recoverable in cash or in kind or for value to be received	9,568.65	11,516.23
Less : Provision for Advances	4,053.00	-
Accrued interest and other receivable	61,878.10	39,765.01
Accrual of Fee Income	287.82	434.66
Security deposit	457.50	426.52
Others	769.75	1,067.03
Total other current assets	68,908.82	53,209.45

22 Revenue from operations

(₹ in Lakh)

	As at March 31, 2014	As at March 31, 2013
Term Loans and other financing activity (net of reversal)	467,812.36	367,464.20
Lease	10,948.55	9,998.28
Bill Discounting	8,429.22	4,447.65
Dividend Income on:		
Equity shares	224.27	911.56
Preference Shares	396.71	802.19
Other Income from Preference Shares	1,949.04	1,492.83
Financial Advisory Fees	3,333.72	4,499.24
Investment Management Fees	9,463.93	3,270.79
Commission and Brokerage	323.55	-
Gain on loan sell down	452.83	-
Other operational income	2,259.63	1,421.83
Total revenue from operations	505,593.81	394,308.57

Notes forming part of Consolidated Financial Statements - March 31, 2014

23 Other Income

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
Income from investments (Trade)				
- Interest and dividend on investments	5,257.24		3,454.88	
- Profit on sale / redemption of investments	11,218.67	16,475.91	1,190.64	4,645.52
Interest on Income Tax Refund		54.43		6.21
Others		1,594.27		519.02
Total other Income		18,124.61		5,170.75

24 Finance cost

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
Interest expenses		305,299.47		231,165.76
Other borrowing cost		1,837.35		1,390.51
Exchange loss (attributable to finance cost)		250.95		305.41
Total finance cost		307,387.77		232,861.68

25 Employee benefits expense

(₹ in Lakh)

	As at March 31, 2014		As at March 31, 2013	
Salaries		25,252.02		17,537.81
Contribution to and provision for:				
Provident fund and Pension fund	1,082.96		635.27	
Gratuity fund	47.19		828.82	
Superannuation fund	235.87		195.88	
Compensated absences/ leave encashment	10.15	1,291.10	566.82	2,226.79
Expenses on ESOP		133.62		288.78
Welfare and other expenses		697.22		432.80
Total employee benefits expense		27,364.65		20,486.18

Notes forming part of Consolidated Financial Statements - March 31, 2014

26 Administration and other expenses

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
Travelling and conveyance	2,803.87	2,247.24
Printing and stationery	801.34	545.54
Telephone and postage	2,291.67	1,635.40
Directors' Sitting fees	72.17	44.36
Non Executive Directors Remunerations	116.86	79.25
Brokerage and service charges	8,368.28	1,875.90
Stamping charges	167.66	166.12
Advertising and publicity	1,078.62	1,736.90
Repairs and maintenance	2,766.82	2,018.73
Rent	4,162.59	3,389.38
Rates and taxes	575.69	486.35
Electricity charges	728.35	450.37
Property Maintenance	54.90	75.38
Insurance	360.48	384.14
Auditors remuneration		
Audit fees	84.89	38.44
Tax audit fees	19.85	8.75
Limited Review	29.89	22.95
Certification	36.82	29.66
Expenses reimbursed	17.25	2.36
	188.70	102.16
Professional fees	21,465.55	11,485.11
Bank Charges	738.50	147.71
Filling fees	370.43	169.29
Loss on sale of fixed assets	2,044.60	2,233.61
Membership and subscription	319.53	227.97
Brand license fees	2,739.46	1,621.70
Corporate social responsibilities	319.08	109.07
Mutual fund scheme expenses	870.48	1,775.65
PMS business promotion and distribution expenses	346.05	577.57
Donation	50.00	-
Miscellaneous expenses	2,051.05	1,662.32
Total administration and other expenses	55,852.73	35,247.22

27 Allowances and write offs

	(₹ in Lakh)	
	As at March 31, 2014	As at March 31, 2013
Provision for standard assets	3,446.52	2,808.69
Provision for non-performing assets	10,144.68	(5,979.71)
Provision for restructured assets	3,838.21	3,060.34
Provision for diminution in value of investments	1,020.23	195.42
Provision for advances and receivables	4,053.00	-
Loss on foreclosure of loans (net)	8,282.28	3,085.40
Bad debts write off	11,826.01	24,140.05
Total allowances and write offs	42,610.93	27,310.19

28 Notes on financial statements

28.1 Basis of preparation:

- The Consolidated Financial Statement (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statement", Accounting Standard (AS) 23 "Accounting for investment in Associates in Consolidated Financial Statement" as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of L&T Finance Holdings Limited, its subsidiaries

Notes forming part of Consolidated Financial Statements - March 31, 2014

and associates. Reference in these notes to L&T Finance Holdings Limited, Company, Companies or Group shall mean to include L&T Finance Holdings Limited or any of its subsidiaries and associates, unless otherwise stated.

- b) The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

28.2 The list of subsidiaries and associates included in the consolidated financial statement are as under

Sr. No.	Name of subsidiary/associate company	Country of Incorporation	As at March 31, 2014		As at March 31, 2013	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
1	L&T Finance Limited	India	100	100	100	100
2	L&T Infrastructure Finance Company Limited	India	100	100	100	100
3	L&T Fincorp Limited	India	100	100	100	100
4	L&T Investment Management Limited	India	100	100	100	100
5	L&T Mutual Fund Trustee Limited	India	100	100	100	100
6	L&T Access Distribution Services Limited (formerly L&T Access Financial Advisory Services Limited)	India	100	100	100	100
7	L&T Vrindavan Properties Limited (formerly L&T Unnati Finance Limited)	India	100	100	100	100
8	L&T Infra Investment Partners Advisory Private Limited	India	100	100	100	100
9	L&T Infra Investment Partners Trustee Private Limited	India	100	100	100	100
10	L&T Trustee Services Private Limited (formerly FIL Trustee Company Private Limited)	India	100	100	100	100
11	L&T Fund Management Private Limited (formerly FIL Fund Management Private Limited) (merged w.e.f. November 23, 2013)	India	-	-	100	100
11	Family Credit Limited	India	100	100	100	100
12	L&T Housing Finance Limited	India	100	100	100	100
13	Consumer Financial Services Limited	India	100	100	100	100
14	L&T Capital Markets Limited	India	100	100	100	100
15	L&T Infra Debt Fund Limited	India	100	100	-	-
16	Mudit Cement Private Limited	India	100	100	-	-
Name of associate company						
1	NAC Infrastructure Equipment Limited	India	30	30	30	30
2	Feedback Infrastructure Services Private Limited	India	23	23	23	23

28.3 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 schemes is on the basis of their performance and other eligibility criteria. The options 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.

Notes forming part of Consolidated Financial Statements - March 31, 2014

- c) Options can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. Management has discretion to modify the exercise period.
- d) The details of the grants under the aforesaid schemes are summarised below:

Sr. No.	Series reference	2010	
		2013-14	2012-13
1.	Grant price	₹ 44.20	
2.	Grant date	November 30, 2010 onwards	
3.	Vesting commenced on	November 30, 2011	
4.	Options granted and outstanding at the beginning of the year	11,125,955	13,572,440
5.	Options granted during the year	983,000	905,000
6.	Options cancelled/ lapsed during the year	1,313,887	1,352,565
7.	Options exercised during the year	1,688,443	1,998,920
8.	Options granted and outstanding at the end of the year of which		
	- Options vested	2,839,131	1,498,419
	- Options yet to vest	6,267,494	9,627,536
9.	Weighted average remaining contractual life of options (in years)	4.33	5.03

- e) During the year, the Company has recovered ₹ 149.43 Lakh (previous year ₹ 302.61 Lakh) from its subsidiary companies towards the stock options granted to their employees, pursuant to the Employee Stock Option Schemes.
- f) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2014 is ₹ 975.27 Lakh (previous year: ₹ 927.23 Lakh), including ₹ 254.89 Lakh.
(previous year: ₹ 135.80 Lakh) for which the options have vested to employees as on March 31, 2014.
- g) Weighted average fair values of options granted during the year is ₹ 34.53 Lakh (previous year: ₹ 15.37 Lakh) per options.
- h) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2013-2014	2012-2013
a) Weighted average risk-free interest rate	8.43%	8.17%
b) Weighted average expected life of options	2.85 years	3.68 years
c) Weighted average expected volatility	35.46%	33.82%
d) Weighted average expected dividends	₹ 2.14 per option	₹ 1.84 per option
e) Weighted average share price	₹ 69.51 per option	₹ 44.30 per option
f) Weighted average exercise price	₹ 44.20 per share	₹ 44.20 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.	

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

i) Defined Contribution Plans :

Amount of ₹ 910.95 Lakh (previous year ₹ 540.46 Lakh) is recognised as an expense and included in employee benefits expense in the statement of profit and loss.

Notes forming part of Consolidated Financial Statements - March 31, 2014

ii) Defined Benefit Gratuities Plans :

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at 31-03-2014	As at 31-03-2013
A. Amount to be recognized in Balance Sheet		
Present Value of Defined Benefit Obligation		
- Wholly Funded	1333.39	513.10
- Wholly Unfunded	160.63	816.67
Less: Fair value of Plan Assets	(1,576.60)	288.87
Unrecognised Past Service Costs	-	0.90
Amount not recognised as an Asset [limit in Para 59(b)]	101.01	-
Amount to be recognised as liability or (asset)	18.43	1,040.00
B. Amounts reflected in the Balance Sheet		
- Liability	239.64	1,040.00
- Assets	(221.21)	-
Net Liability (asset)	18.43	1,040.00

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

(₹ in Lakh)

Particulars	Gratuity Plan	
	2013-14	2012-13
1 Current Service Cost	285.18	194.22
2 Interest on Defined Benefit Obligation	150.18	65.43
3 Expected Return on Plan Assets	(51.76)	(36.11)
4 Actuarial Losses/(Gains)	(532.70)	609.7
5 Past Service Cost	0.90	1.79
6 Effect of any curtailment or settlement	-	-
7 Actuarial Gain not recognized in books	-	-
8 Adjustment for earlier years	-	-
9 Recoverable from ultimate holding company	-	(5.98)
10 Total included in Employee Benefit Expenses	-	-
11 Amount not recognized as Assets [limits in para 59(b)]	101.01	-
Net Cost recognised in statement of Profit and Loss	(47.19)	828.82
Actual Return on Plan Assets	78.16	19.87

Notes forming part of Consolidated Financial Statements - March 31, 2014

- 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, 2014	As at March 31, 2013
Opening balance of the present value of defined benefit obligation	1,472.83	467.56
Add: Current Service Cost	285.18	727.27
Add: Interest Cost	150.18	56.47
Add/(less): Actuarial Losses/(Gain)	(490.87)	(110.44)
Add: Past service cost	-	-
Add: Liability assume on acquisition / (settlement)	181.82	-
Add: Transferred from holding company	-	403.51
Add : Actuarial losses / (Gain) due to curtailments	-	-
Add: Liabilities Extinguished on Settlements	-	-
Less: Benefits paid	(105.12)	(71.54)
Closing balance of the present value of defined benefit obligation	1,494.02	1,472.83

- 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, 2014	As at March 31, 2013
Opening balance of the fair value of the plan assets	602.52	421.40
Add: Expected Return on plan assets*	51.76	27.11
Add/(less): Actuarial gains/(losses)	46.91	14.75
Add: Assets Distributed on Settlements	-	-
Add: Contributions by Employer	980.16	210.80
Add: Assets Acquired on Acquisition/(Distributed on Divestiture)	-	-
Add: Exchange Difference on Foreign Plans	-	-
Less: Benefits Paid	(105.12)	(71.54)
Closing balance of the plan assets	1,576.60	602.52

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

* Based used to determine the overall expected return:

The trust formed by the company manages the investment of provident fund and 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.

Notes forming part of Consolidated Financial Statements - March 31, 2014

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

Particulars	Gratuity Plan	
	As at March 31, 2014	As at March 31, 2013
1 Government of India Securities	17%	25%
2 Corporate Bonds	5%	30%
3 Special Deposit Scheme	2%	7%
4 Equity Shares of Listed Companies	2%	10%
5 Property	0%	0%
6 Insurer Managed Funds	74%	28%
7 Others	1%	0%

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

Particulars	As at	
	March 31, 2014	March 31, 2013
1. Discount rate	9.27%	8.00%
2. Expected return on plan assets	7.14%	8.00%
3. Salary growth rate	6.12%	6.00%

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

(₹ in Lakh)

Particulars	As at March 31				
	2014	2013	2012	2011	2010
- Defined Benefit Obligation	(1,494.02)	(851.76)	(373.66)	(261.11)	(161.49)
- Plan Assets	1,576.60	542.34	229.58	141.68	113.93
- Surplus /(Deficit)	82.58	(309.42)	(144.08)	(119.43)	(47.56)
Experience Adjustment on Plan Liabilities	(289.77)	(214.32)	33.08	34.91	(8.41)
Experience Adjustment on Plan Asset	46.30	5.92	0.76	(2.36)	(1.25)

iii) Defined Benefit Provident Fund Plan:

a. The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at 31-03-2014	As at 31-03-2013
A. Net (Liability) / Asset recognized in the Balance Sheet		
Present Value of Funded Obligation	(3,417.87)	(2,653.31)
Present Value of Unfunded obligation	(63.15)	(19.37)
Less: Fair value of Plan Assets	3,399.45	2,632.27
Amount to be recognised in the Balance Sheet as (liability) or asset	(81.57)	(40.41)
B. Amounts to be recognised in the Balance Sheet		
Liability	(81.57)	40.41
Assets	-	-

Notes forming part of Consolidated Financial Statements - March 31, 2014

b. Expenses recognised in the statement of Profit & Loss:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	2013-14	2012-13
1 Current Service Cost	349.54	295.76
2 Provident Fund transfer In	-	20.42
3 Interest on Defined Benefit Obligation	224.18	156.64
4 Expected Return on Plan Assets	(224.18)	(156.64)
5 Net Actuarial Losses/(Gains)	(11.83)	(7.09)
6 (Shortfall) in actual return on plan assets over interest payable not to be recognised as expenses to the extent of excess of asset over liabilities	11.83	7.09
7 Expenses recognized in the statement of Profit & Loss Account	349.54	316.18
8 Actual Return of Plan Asset	231.72	163.73

c. The changes in value of defined benefit Obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2014	As at March 31, 2013
Opening balance of the present value of Defined Benefit Obligation	2,672.68	2,011.73
Add: Current Service Cost	349.54	316.18
Add: Interest Cost	224.18	156.64
Add: Contribution by Plan Participants	512.84	428.52
Add: Actuarial Losses / (Gain)	(19.37)	(3.52)
Less: Benefits paid	(322.00)	(236.87)
Closing balance of the present value of Defined Benefit Obligation	3,417.87	2,672.68

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

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2014	As at March 31, 2013
Opening balance of the fair value of the plan assets	2,632.27	1,962.86
Add: Expected Return on plan assets	224.18	156.64
Add/(less): Actuarial gains/(losses)	7.54	7.09
Add: Contributions by Employer	347.49	314.05
Add: Contribution by Plant participants	509.97	428.50
Less: Benefits Paid	(322.00)	(236.87)
Closing balance of the plan assets	3,399.45	2,632.27

Notes forming part of Consolidated Financial Statements - March 31, 2014

e. The major categories of plan assets as a percentage of total plan assets, are as follows:

Particulars	Provident Fund Plan	
	As at 31-03-2014	As at 31-03-2013
1 Government of India Securities	24%	24%
2 State Government Scheme	15%	13%
3 Special Deposit Scheme	12%	14%
4 Public Sector Unit Bond	41%	42%
5 Corporate Bonds	8%	7%
6 Others (cheques on hand)	0%	0%
	100%	100%

Note: The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of Profit and Loss Account as actuarial losses. Pursuant to the guidance note issued by the Institute of Actuaries, ₹ 40.79 Lakh has been recognized in Statement of Profit & Loss on account of interest rate guarantee on Exempt Provident fund.

a) General description of defined benefit plans:

1. Gratuity Plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

2. Provident Fund Plan:

One of the subsidiaries manages Provident Fund Plan through a Provident Fund Trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Plan envisages contributions by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

28.5 Disclosure pursuant to Accounting Standard (AS) 16 Borrowing Cost

Borrowing costs capitalised during the year are ₹ 1,150.60 Lakh (previous year ₹ 393.00 Lakh).

28.6 Disclosure pursuant to Accounting Standard (AS) 17 Segment Reporting

a) Primary Segment (Business Segment)

The major subsidiary Companies operates mainly in the business segment of fund based financing activity. The other business segment does not have income and/or assets more than 10% of the total income and/or assets of the consolidated entity. Accordingly, separate segment information for different business segments is not disclosed.

b) Secondary Segment (Geographical Segment)

The company operates only in the domestic market. As a result separate segment information for different geographical segments is also not disclosed.

Notes forming part of Consolidated Financial Statements - March 31, 2014

28.7 As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

Disclosure pursuant to Accounting Standard (AS) 18 Related Party Disclosures:

(a) List of related parties (with whom transactions were carried out during current and previous year):

A Holding Company

- 1 Larsen & Toubro Limited

B Fellow Subsidiary Companies

- 1 L&T General Insurance Company Limited
- 2 Larsen & Toubro InfoTech Limited
- 3 L&T Infrastructure Development Projects Limited
- 4 L&T- MHI Boilers Private Limited
- 5 L&T Power Development Limited.
- 6 L&T- Sargent & Lundy Limited
- 7 L&T Shipbuilding Limited
- 8 L&T- Valdel Engineers Limited
- 9 Larsen & Toubro Electromech LLC
- 10 Nabha Power Limited
- 11 L&T Capital Company Limited
- 12 Ewac Alloys Limited
- 13 Hyderabad International Trade Expositions Limited
- 14 L&T Metro Rail (Hyderabad) Limited
- 15 L&T InfoTech Financial Services Technologies Inc.
- 16 L&T Hydrocarbon Engineering Limited

C Associate Companies

- 1 Feedback Infrastructure Services Private Limited

D Fellow Associate

- 1 Metro Tunneling Group
- 2 JSK Electricals Private Limited
- 3 Magtorq Private Limited
- 4 Rishi Consfab Private Limited
- 5 Salzer Electronics Limited

E Key Management Personnel

- 1 Y. M. Deosthalee (Chairman & Managing Director)
- 2 N. Sivaraman (President & Whole-time Director)

(b) Disclosure of related party transactions:-

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
1	Fee Income		
	• L&T Infrastructure Development Projects Limited	303.37	-
	• L&T Shipbuilding Limited	325.84	-
	• Nabha Power Limited	-	505.62
2	Corporate support charges recovered from		
	• L&T General Insurance Company Limited	215.59	242.68
3	Corporate support charges recovered by		
	• Larsen & Toubro Limited	273.64	-

Notes forming part of Consolidated Financial Statements - March 31, 2014

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
4	Deputation and other expenses recovered from		
	• Larsen & Toubro Limited	-	20.18
	• Larsen & Toubro InfoTech Limited	3.55	2.02
	• L&T- MHI Boilers Private Limited	-	3.19
	• L&T Power Development Limited	-	5.17
	• L&T Infrastructure Development Projects Limited	-	17.87
	• L&T Metro Rail (Hyderabad) Limited	2.55	-
	• L&T General Insurance Company Limited	284.26	-
5	Interest income on leases		
	• Larsen & Toubro Limited	16.93	-
	• Larsen & Toubro InfoTech Limited	14.15	5.81
	• L&T General Insurance Company Limited	375.47	-
6	Interest income on term loan		
	• EWAC Alloys Limited	443.89	298.26
	• Hyderabad International Trade Expositions Limited	220.77	-
	• JSK Electricals Private Limited	1.72	-
	• Magtorq Private Limited	0.12	-
	• Rishi Consfab Private Limited	2.87	-
	• Salzer Electronics Limited	21.10	-
7	Networking charges recovered from		
	• Larsen & Toubro Limited	8.62	31.14
8	Rent recovered from		
	• Larsen & Toubro Limited	0.13	14.73
	• L&T General Insurance Company Limited	264.41	293.83
	• L&T Capital Company Limited	-	20.67
9	Commission Income		
	• Larsen and Toubro Limited	19.28	-
	• L&T General Insurance Company Limited	259.47	206.51
	• L&T Capital Company Limited	88.11	-
10	Professional fees & other expenses recoverable		
	• Larsen and Toubro InfoTech Limited	-	5.62
11	Interest Income on Non Convertible Debentures		
	• Feedback Infrastructure Services Private Limited	538.52	404.68
12	Brand License Fees		
	• Larsen & Toubro Limited	2,573.09	1,741.85
13	Corporate support charges recovered by		
	• Larsen & Toubro Limited	-	275.78
	• L&T Capital Company Limited	-	107.79
14	Deputation charged recovered by		
	• Larsen & Toubro Limited	6.25	84.17
15	ESOP Charges recovered by		
	• Larsen & Toubro Limited	-	0.84
16	Interest on secured debentures		
	• Larsen & Toubro Limited	27.46	378.13
17	Interest expense on Inter Corporate Borrowings		
	• Larsen & Toubro Limited	67.40	640.79
	• L&T Capital Company Limited	178.89	101.10
	• Metro Tunnelling Group – Delhi	270.79	-
18	Data centre charges paid to		
	• Larsen & Toubro Limited	242.29	94.35

Notes forming part of Consolidated Financial Statements - March 31, 2014

(₹ in Lakh)

Sr. No.	Nature of Transactions	2013-14	2012-13
19	Professional fees paid to		
	• Larsen & Toubro Limited	50.21	195.96
	• Larsen & Toubro InfoTech Limited	92.34	-
20	Rent recovered by		
	• Larsen & Toubro Limited	232.54	298.76
21	Data processing charges recovered by		
	• Larsen & Toubro Limited	58.70	60.09
22	Other expenses		
	• Larsen & Toubro Limited	80.63	186.46
	• Larsen & Toubro InfoTech Limited	94.08	43.91
	• L&T- Valdel Engineering Limited	-	0.02
	• Larsen & Toubro Electromech LLC	-	0.52
	• L&T- Sargent & Lundy Limited	0.73	7.22
	• L&T PT&D IC International	0.33	-
23	Purchase of Fixed Asset		
	• Larsen & Toubro InfoTech Limited	24.05	64.74
	• L&T Capital Company Limited	4.98	-
24	Inter Corporate Deposit taken from		
	• Larsen & Toubro Limited	20,000.00	-
	• L&T Capital Company Limited	2,190.10	2,293.30
	• Metro Tunnelling Group – Delhi	3,000.00	-
25	Term loan/Operating lease given		
	• EWAC Alloys Limited	-	2,400.00
	• Larsen and Toubro InfoTech Limited	-	18.84
	• L&T General Insurance Company Limited	1,605.00	-
	• JSK Electricals Private Limited	2,645.38	-
	• Magtorq Private Limited	143.21	-
	• Rishi Consfab Private Limited	1,570.10	-
	• Salzer Electronics Limited	11,024.50	-
26	Investment in equity shares		
	• Feedback Infrastructure Services Private Limited	-	3,790.00
27	Insurance premium		
	• L&T General Insurance Company Limited	0.03	-
28	Interest paid on Non Convertible Debentures		
	• Larsen & Toubro Limited	467.26	-
29	Computer Maintenance		
	• L&T Infotech Financial Services Technologies Inc.	23.91	-
30	Reimbursement of expense from		
	• Larsen & Toubro Limited	12.37	-
31	Reimbursement of expense to		
	• Larsen & Toubro Limited	21.00	-
32	Issue of Non Convertible Debentures		
	• Larsen & Toubro Limited	4,500.00	6,000.00
33	Construction charges debited by		
	• Larsen & Toubro Limited	930.59	-
34	Managerial remuneration #		
	• Y.M. Deosthalee	196.12	194.03
	• N. Sivaraman	456.95	625.60

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

The variable remuneration for previous year has been reversed in the current year on account of waiver of variable remuneration by the Chairman & Managing Director /actual payment to President & Whole-time Director. Accordingly, previous year figures have been restated in the above disclosure.

The Chairman & Managing Director has waived his variable remuneration in the current year as well. Hence, no provision has been made there-against.

Notes forming part of Consolidated Financial Statements - March 31, 2014

(c) Amount due to/from related parties :-

(₹ in Lakh)

Sr No.	Nature of Transactions	2013-14	2012-13
1	Outstanding Balance of ICD taken		
	• L&T Capital Company Limited	2,140.60	2,044.10
	• Larsen & Toubro Limited	20,000.00	-
	• Metro Tunnelling Group – Delhi	3,000.00	-
2	Outstanding Balance of loan given		
	• Larsen & Toubro Limited	-	-
	• Hyderabad International Trade Expositions Limited	1,390.31	1,740.86
	• EWAC Alloys Limited	2,400.00	3,200.00
	• Feedback Infrastructure Services Private Limited	4,000.00	-
	• JSK Electricals Private Limited	218.18	-
	• Magtorq Private Limited	100.00	-
	• Rishi Consfab Private Limited	209.78	-
	• Salzer Electronics Limited	1751.84	-
3	Outstanding of Secured Debenture		
	• Larsen & Toubro Limited	-	7,500.00
4	Account Payable		
	• Larsen & Toubro Limited	1,727.26	1,797.58
	• Larsen & Toubro Electromech LLC	0.52	0.13
	• Larsen & Toubro InfoTech Limited	38.27	62.37
	• L&T Capital Company Limited	-	108.30
	• L&T- Sargent and Lundy Limited	-	4.53
	• L&T InfoTech Financial Services Technologies Inc	18.93	-
	• L&T ENC Hydrocarbon Limited	0.33	-
	• L&T General Insurance Company Limited	15.31	-
5	Account Receivable		
	• L&T General Insurance Company Limited	-	222.90
	• Nabha Power Limited	276.37	505.62
	• L&T Shipbuilding Limited	252.81	-
6	Outstanding Balance of Non Convertible Debenture issued		
	• Larsen & Toubro Limited	6,195.70	3,697.70
	• Feedback Infrastructure Services Private Limited	-	4,000.00
7	Interest accrued but not due on Non Convertible Debenture		
	• Larsen & Toubro Limited	278.35	189.84
	• Feedback Infrastructure Services Private Limited	814.95	-
8	Interest accrued but not due on Term Loan given		
	• EWAC Alloys Limited	71.02	71.91
	• Hyderabad International Trade Expositions Limited	8.32	-
9	Receivable Discounting		
	• Larsen & Toubro Limited	9,896.27	-
10	Interest accrued but not due on Inter Corporate Borrowings taken		
	• Larsen & Toubro Limited	60.66	-
11	Advance Premium Deposit		
	• L&T General Insurance Company Limited	105.00	-

Notes forming part of Consolidated Financial Statements - March 31, 2014

28.8 Disclosure in respect of leases pursuant to Accounting Standard (AS) 19 "Leases":

Finance Lease :

a) Where the company is Lessor:

The group companies have given assets on finance lease to its customers with respective underlying assets/equipments as security. The details of gross investments, unearned finance income and present value of rentals as at March 31, 2014 in respect of these assets are as under:

(₹ in Lakh)

Particulars	2013-14	2012-13
Gross Investments :		
- Within one year	6,896.14	6,405.54
- Later than one year and not later than five years	9,311.36	11,259.79
- Later than five years	256.17	23.68
Total	16,463.67	17,689.01
Unearned Finance Income :		
- Within one year	1,437.06	1,505.18
- Later than one year and not later than five years	1,193.61	1,654.93
- Later than five years	1.42	1.20
Total	2,632.09	3,161.31
Present Value of Rentals :		
- Within one year	5,459.08	4,900.37
- Later than one year and not later than five years	8,117.75	9,604.86
- Later than five years	254.75	22.47
Total	13,831.58	14,527.70

Operating Lease

a) Where the company is lessee:

The group companies have taken cars, furniture and fixtures and premises on non-cancellable operating leases. Lease Payments recognized in the statement of profit and loss during the year is ₹ 4,209.27 Lakh (previous year ₹ 4,235.97 Lakh). The future minimum lease payments in respect of which as at March 31, 2013 are as follows:

(₹ in Lakh)

Particulars	2013-14	2012-13
	Lease Payments	
- Within one year	1,765.53	2,355.21
- Later than one year and not later than five years	4,695.13	3,541.28
- Later than five years	29.95	691.52
Total	6,481.61	6,588.01

Notes forming part of Consolidated Financial Statements - March 31, 2014

b) Where the company is lessor:

(₹ in Lakh)

Particulars	2013-14	2012-13
	Minimum Lease	
- Within one year	14,879.85	7,336.35
- Later than one year and not later than five years	22,010.42	10,909.39
- Later than five years	1,779.91	12.42
Total	38,670.18	18,258.16

28.9 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share"

		2013-14	2012-13
Basic:			
Profit after tax as per Statement of Profit and Loss (₹ Lakh)		59,689.33	73,047.14
Less:- Dividend on Cumulative Compulsorily Redeemable Preference Shares		7,597.50	150.00
Profit attributable to equity share holders	A	52,091.83	72,897.14
Number of equity shares		1,718,448,975	1,716,760,532
Weighted average number of equity shares outstanding	B	1,717,349,584	1,715,261,068
Basic EPS before and after extraordinary items (₹)	A/B	3.03	4.25
Diluted:			
Profit after tax as per Statement of Profit and Loss (₹ Lakh)	A	52,091.83	73,047.14
Add: Weighted average number of equity shares outstanding	B	1,717,349,584	1,715,261,068
Add: Weighted average no. of potential equity shares on account of employee stock options	C	2,440,556	1,353,606
Weighted average number of shares outstanding for diluted EPS	D=B+C	1,719,790,140	1,716,614,674
Diluted EPS before and after extraordinary items (₹)	A/D	3.03	4.25
Face value of shares (₹)		10.00	10.00

Notes forming part of Consolidated Financial Statements - March 31, 2014

28.10 Contingent liabilities and commitments : Accounting Standard (AS) 29

(₹ in Lakh)

Contingent Liabilities	As at March 31, 2014	As at March 31, 2013
a) Claims against the Company not acknowledged as debt:		
• Income Tax matter in dispute	12,682.41	9,149.50
• Service Tax / Sales Tax / VAT matters in dispute	1,323.00	1,350.30
• Legal matters in dispute	69.70	121.06
• Other claims not acknowledged as debt	-	-
b) Bank Guarantees	200.30	6,078.09
c) Other money for which the Company is contingently liable; Letter of Credit/ Letter of Comfort	56,724.13	56,059.60
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,099.38	1,410.33
b) Other Commitments		
• Undrawn Commitments* (standby facilities)	159,526.41	265,667.00
Performance Guarantees	1,853.25	1,308.25

* This disclosure is given pursuant to the notification no. DNBS.CC.PD.No.252/03.10.01/2011-12 dated December 26, 2011 issued by Reserve Bank of India.

28.11 The effects of acquisitions (newly formed) subsidiaries during the year on the consolidated financial statements is as under:

a) Acquisitions (newly formed)

(₹ in Lakh)

Name of subsidiary companies	Effect on Group profit/(loss) after minority interest for the period ended March 31, 2014	Net assets as at March 31, 2014
Mudit Cement Private Limited	(102.42)	103.47

28.12 On the basis of replies received by the Group in response to enquiries made, there are no dues payable as at the year end to Micro, Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 1956 or the Micro, Small and Medium Enterprises Development Act, 2006.

28.13 The directors recommend payment of final dividend of ₹ 0.75 per equity share of ₹ 10 each on the number of shares outstanding on the record date. Provision for final dividend has been made in the books of accounts for the 1,718,448,975 equity shares outstanding as at March 31, 2014 amounting to ₹ 128,88.37 Lakh.

28.14 One of the subsidiaries has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower Name	No. of shares kept as bailee 2013-14	2012-13
Hanjer Biotech Energies Private Limited	325,096	-
VMC Systems Ltd	1,164,508	1,625,000
Coastal Projects Limited	329,245	-

Notes forming part of Consolidated Financial Statements - March 31, 2014

28.15 One of the subsidiaries has entered into currency swap transactions with a view to convert its USD borrowings into Indian rupee borrowing. Accordingly, the Company has revalued the foreign currency borrowing and currency swap at the balance sheet date.

Particulars	2013-14	2012-13
Liability – External Commercial Borrowings	USD 65,000,000	USD 65,000,000
Assets – Currency Swap	USD 65,000,000	USD 65,000,000

28.16 Appropriation to the Debenture Redemption Reserve has been created in terms of Section 117C of the Companies Act, 1956 is carried out of distributable profits of the Group.

28.17 Exceptional items during the previous year represent gains of ₹ 23,792.92 Lakh on account of sale of investment in Federal Bank Limited and expenditure of ₹ 1,993.52 Lakh incurred towards acquisition of L&T Fund Management Private Limited (formerly: FIL Fund Management Private Limited) and L&T Housing Finance Limited (formerly: Indo Pacific Housing Finance Limited).

28.18 During the current year, one of the subsidiary has changed its estimate of provision for loss on automobile loan to align the provisioning policy followed by the other retail entities of the holding company. Had the Company continued to use earlier estimate the write back to the Statement of Profit and Loss would have been lower by ₹ 2,228.00 Lakh.

28.19 Previous year figures have been regrouped/ reclassified wherever necessary.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Registration No. : 109982W

by the hand of

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

Y.M. Deosthalee

Chairman & Managing Director

N. Sivaraman

President & Whole-time Director

Firdosh D. Buchia

Partner

Membership No. 38332

N. Suryanarayanan

Company Secretary

C.S. Damle

Chief Financial Officer

Mumbai, April 23, 2014

Mumbai, April 23, 2014

Summary of financial information of subsidiary companies Under Section 212 (8) of Companies Act, 1956

Sr No.	Name of Subsidiaries	Capital	Reserves	Total assets	Total liabilities	Investment	Total Income	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
(₹ in Lakhs)											
1	L&T Finance Limited	23,842.23	195,461.20	1,648,729.25	1,648,729.25	10,632.23	224,550.91	30,478.06	10,355.40	20,122.66	-
	-(previous year)	23,482.23	187,046.86	1,491,739.33	1,491,739.33	7,613.81	207,939.99	31,340.86	10,238.00	21,102.86	1,025.22
2	L&T Infrastructure Finance Company Limited	82,923.30	163,952.85	1,710,577.16	1,710,577.16	187,889.57	186,996.04	39,724.01	10,511.00	29,213.01	-
	-(previous year)	82,923.30	147,355.67	1,524,832.61	1,524,832.61	77,058.20	159,977.81	46,994.42	12,573.00	34,421.42	-
3	L&T FINCORP LIMITED	27,296.64	46,430.90	433,582.35	433,582.35	17,028.97	37,762.22	8,666.23	2,900.10	5,766.13	-
	-(previous year)	19,943.70	23,048.13	230,175.36	230,175.36	-	17,404.73	2,685.17	(476.17)	3,161.34	-
4	L&T Investment Management Limited	23,585.72	31,758.83	62,831.51	62,831.51	6,850.00	9,081.37	(6,991.95)	-	(6,991.95)	-
	-(previous year)	23,585.72	41,233.87	68,679.03	68,679.03	65,704.78	3,426.78	(5,849.23)	-	(5,849.23)	-
5	L&T Mutual Fund Trustee Limited	15.00	(9.48)	6.87	6.87	1.00	5.35	(1.19)	-	(1.19)	-
	-(previous year)	5.00	(8.29)	12.72	12.72	3.18	5.00	(4.89)	0.71	(5.60)	-
6	L&T Access Distribution Services Limited	600.00	(1,022.46)	(807.14)	(807.14)	-	613.11	(69.49)	(0.81)	(68.68)	-
	-(previous year)	600.00	(953.78)	671.64	671.64	-	348.59	(1,375.06)	(423.50)	(951.56)	-
7	L&T Vrindavan Properties Limited	1,875.00	(1,927.25)	48,041.68	48,041.68	9,316.72	461.92	(2,231.72)	(332.06)	(1,899.67)	-
	-(previous year)	450.00	(27.58)	50,126.30	50,126.30	23,354.74	38.40	(31.93)	(6.58)	(25.35)	-
8	L&T Infra Investment Partners Trustee Private Limited	10.00	(5.91)	6.49	6.49	-	2.02	(1.00)	-	(1.00)	-
	-(previous year)	10.00	(4.91)	6.84	6.84	-	-	(3.84)	-	(3.84)	-
9	L&T Infra Investment Partners Advisory Private Limited	500.00	(712.09)	1,683.48	1,683.48	676.59	963.78	(62.22)	(342.00)	279.79	-
	-(previous year)	500.00	(991.88)	1,146.89	1,146.89	52.69	5.10	(530.58)	-	(530.58)	-
10	L&T Trustee Services Private Limited	1.00	164.47	166.49	166.49	-	10.65	9.71	3.00	6.71	-
	-(previous year)	1.00	157.76	162.39	162.39	-	26.35	23.64	7.28	16.36	-
11	L&T Capital Markets Limited	1,675.00	(1,293.41)	974.63	974.63	429.71	1,814.11	(1,134.33)	-	(1,134.33)	-
	-(previous year)	255.00	(159.08)	224.26	224.26	-	-	(159.08)	-	(159.08)	-
12	L&T Housing Finance Limited	8,142.31	22,163.03	20,253,002.90	20,253,002.90	25,092.57	1,347,924.74	1,504.66	497.56	1,007.10	-
	-(previous year)	4,392.31	9,939.91	36,806.75	36,806.75	115.27	1,860.21	29.23	8.89	20.35	-
13	Consumer Financial Services Limited	100.00	(61.51)	3,672.97	3,672.97	-	2.76	1.73	0.33	1.40	-
	-(previous year)	100.00	(62.91)	37.44	37.44	-	1.29	0.70	0.24	0.46	-
14	Family Credit Limited	20,430.96	26,855.92	30,546,228.59	30,546,228.59	20,800.00	45,327.15	6,535.93	(1,099.54)	7,635.46	-
	-(previous year)	15,430.96	14,228.46	181,466.73	181,466.73	-	7,965.67	964.70	(1,593.31)	2,558.01	-
15	L&T Infra Debt Fund Limited	30,400.00	1,888.12	32,308.48	32,308.48	-	2,729.59	2,348.12	460.00	1,888.12	-
	-(previous year)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16	Mudit Cement Private Limited	210.48	(106.97)	3,051.67	3,051.67	-	-	(102.42)	-	(102.42)	-
	-(previous year)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



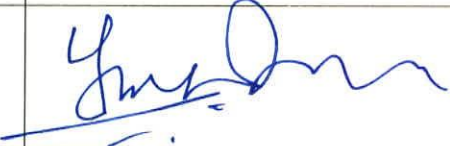


L&T Finance Holdings Limited
City 2, Plot No. 177, Vidyanagari Marg
C.S.T. Road, Kalina, Santacruz (E)
Mumbai - 400 098. India
T: +91 22 6621 7300

www.ltfinanceholdings.com

Registered Office:
L&T House, N.M. Marg
Ballard Estate
Mumbai 400 001. India
E: igrc@ltfinanceholdings.com



Form A

1.	Name of the Company	L&T Finance Holdings Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	-
5.	To be signed by:	
	Chairman & Managing Director	
	Chief Financial Officer	
	Partner, M/s. Sharp & Tannan, Statutory Auditors	
	Chairman - Audit Committee	