

BUSINESS RESPONSIBILITY REPORT

BACKGROUND

SEBI vide notification dated December 22, 2015 on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) has mandated India’s top 500 listed entities (based on market capitalisation on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), to include a Business Responsibility Report (“BRR”) in the annual report.

In accordance with the requirements stated above, the Company presents its first BRR for FY 2016-17. L&T Finance Holdings Limited (“LTFH”) was incorporated by Larsen & Toubro Limited (“L&T”) on May 1, 2008, with the strategic intent of holding all investments of the L&T Group in the financial services businesses. It is registered with the Reserve Bank of India (“RBI”) under Section 45-IA of the RBI Act, 1934, as a Non-Banking Financial Institution-Core Investment Company. The equity shares of LTFH are listed on the BSE and NSE.

LTFH is a listed, financial holding company offering a diverse range of financial products and services across rural, housing and wholesale business, as well as mutual fund products and wealth management services, through its subsidiaries. As on March 31, 2017, the Company has 12 subsidiary companies including step-down subsidiary companies.

Section A: General Information about the Company

No.	Particulars	Company Information
1.	Corporate Identification Number (CIN) of the Company	L67120MH2008PLC181833
2.	Name of the Company	L&T Finance Holdings Limited
3.	Registered Office	Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.
4.	Website	www.ltfh.com
5.	E-mail ID	igrc@ltfh.com
6.	Financial year reported	March 31, 2017
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Non-Banking Financial Institution – Core Investment Company (NBFC-CIC) NIC Code - 64200
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	The Company is registered as a Core Investment Company under RBI guidelines and it company is not carrying out with any

		business activity other than investment in its subsidiaries.
9.	Total number of locations where business activity is undertaken by the Company a) Number of International Locations (Provide details of major 5) b) Number of National Locations	Registered Office : Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India. Corporate Office : City 2, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.
10.	Markets served by the Company	India

Section B: Financial Details of the Company

No.	Particulars	Company Information
1.	Paid up Capital (₹ In Lakhs)	2,96,912.19
	Equity Share Capital (₹ In Lakhs)	1,75,572.19
	Preference Share Capital (₹ In Lakhs)	1,21,340.00
2.	Total Turnover (₹ in lakhs)	31,488.99
3.	Total profit after taxes (₹ in lakhs)	24,866.17
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer Board's Report forming part of the Annual Report.
5.	List of activities in which expenditure in 4 above has been incurred:-	Please refer Board's Report forming part of the Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? -

For the details on subsidiaries of the Company, please refer Board's Report forming part of the Annual Report.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

The policies and processes adopted across all the companies within L&T Financial Services Group ("LTFS") are largely uniform.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company endeavors to encourage its suppliers/ distributors (wherever possible) to participate in the initiatives towards business responsibility and to adopt practices which would help them to carry out business in a fair manner.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR and Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	03545900
2	Name	Mr. Dinanath Dubhashi
3	Designation	Managing Director & Chief Executive Officer
4	Telephone number	022 6621 7300
5	Email id	igrc@ltfs.com

2. Principle-wise (as per NVGs) BR Policy/policies

- (a) Details of compliance (Reply in Y/N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	NA	Y	Y	Y	Y	Y	Y	NA
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	-
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	The policies adopted by the Company are in conformity with the applicable rules and regulations.								
4.	Has the policy being approved by the Board? * Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies wherever stated have been approved by the Board / Committee of the Board / Senior Management of the Company and followed across entities within L&T Financial Services ("LTFS").								
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	Y	Y	Y	-

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6.	Indicate the link for the policy to be viewed online?	As per regulatory requirements the policies of the Company have been uploaded on the website of the Company i.e. http://www.lfs.com/investors.html								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	-
8.	Does the company have in-house structure to implement the policy/policies.	Y	-	Y	Y	Y	Y	Y	Y	-
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	Y	Y	Y	-
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	-	Y	Y	Y	Y	Y	Y	-

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	Not applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

This is first year of adoption of BRR. The BRR will be reviewed on an annual basis.

- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The BRR is applicable to the Company from FY 2016-17 and the BRR has been made available on the website of the Company at <http://www.ltf.com/investors.html> and the said hyperlink has been provided in the Annual Report. The BRR will be reviewed and published annually.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

LTFH is a professionally managed company with a vision to be an admirable, inspirational and sustainable institutional and strives to adopt high standards of corporate governance, ensures adhering to all applicable regulatory guidelines and follows the principle of making fair and transparent disclosures. As the holding company of financial services businesses of LTF, LTFH considers ethics, transparency and accountability to be its top-most operational priority and these values are ingrained into the daily operations across the organisation. LTFH regularly engages with the management teams of subsidiaries to reinforce the group values.

The Company has adopted a Code of Conduct for the Company's Directors and Senior Management (including employees) which is available on the intranet of the Company and is applicable to all companies within LTF. The Code of Conduct amongst other matters thrusts importance on respect for human values, individual dignity and adherence to honest, ethical and professional conduct. A confirmation on compliance with Code of Conduct is taken on an annual basis from the Directors and Senior Management and appropriate disclosures are made in the Annual Report.

The Company has adopted a Vigil Mechanism Policy, under which the "Whistle Blower Investigation Committee ("the Committee") has been set up. The objective of the policy is to establish a redressal forum, which addresses all concerns raised on questionable practices, which violate the principles of integrity and thus provides avenue for employees and outsiders to report any issues. The Chairperson of the Whistle Blower Investigation Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

The Company has also adopted an Anti-Corruption Policy to addresses in detail and effectuates the Company's commitment to comply with Laws, Rules and Regulations relating to interactions with government officials related to the Company's business. This Policy does not prohibit interactions with government officials; rather, it forbids corrupt interactions with those individuals. Its purpose is to help the Company's employees identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws or create any appearance of impropriety.

The Company also has an exhaustive manual on human resources which covers all aspects pertaining to employment with LTFS which encourages principles of ethics, transparency and accountability.

The Company has also adopted necessary procedures and processes to ensure compliance with relevant regulatory guidelines.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

LTFH being a Core Investment Company acts as the holding company of the financial services businesses and the businesses are carried by its subsidiaries (including step-down subsidiaries). Thus, the Company is in the financial services sector whose main business is making investments (either directly or indirectly) in entities within LTFS.

The Company has always supported environmental friendly initiatives and at the same time adopted technological interventions as deemed necessary. Further, at LTFS the endeavor is to go digital.

Principle 3: Businesses should promote the well-being of all employees

As of March 31, 2017, LTFH had 3 (three) permanent employees and there were no employees on a temporary or contractual basis during FY 2016-17. Considering the number of employees in the Company, there is no employee association. The Company believes its employees are its greatest operational strength. As a holding company with limited spheres of operation, the Company's staffing is adequate and commensurate with the scale of its business. LTFH invests in the growth and development of all its employees and engages with them on a regular basis by providing trainings at varied frequencies. Employees are given opportunities to move across the subsidiaries for getting wider exposure.

LTFH has policies and procedures in place to prevent any kind of discrimination. LTFH has a 'Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace' in place to ensure safety and security of its female employees.

The Company did not receive any complaint relating to child labor, forced labor, involuntary labor or sexual harassment in FY 2016-17.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

The shareholders, employees, regulators, society, etc are the stakeholders of LTFH.

LTFH is an equal opportunity employer. Remuneration practices are based on merit without regard to the person's ethnic background or gender and are periodically updated based on market benchmarks. The Company ensures there is no discrimination of any type against socially disadvantaged sections in the work place.

The Company has a responsibility to communicate effectively with shareholders / investors and provide full and accurate information, in all material respects, about the company's financial results and condition of operations. Further, the Company has adopted practices to ensure full, fair, accurate, timely and understandable disclosure / filing of reports as prescribed by regulatory authorities.

The programmes under the Corporate Social Responsibility initiatives (“CSR”) undertaken by the Company are focused primarily on those sections of the local communities which are disadvantaged, vulnerable and marginalized which are covered in detailed in Principle 8. LTFH is conscious of the impact of the operations on the communities around and strives to contribute positively to improve the standard of living; through the interventions under CSR.

The vision of the Company is to be an admirable and inspirational financial institution, creating sustainable value for all stakeholders of the Company. Further, the Company has re-oriented its strategy to focus on select products and deliver improvement on Return on Equity (“RoE”).

Principle 5: Businesses should respect and promote human rights

LTFH is dedicated to uphold the human rights of all its employees, and it strictly ensures compliance with all applicable laws pertaining to human rights. The policy on human resources and Code of Conduct is adopted by all entities within LTFH.

The Company did not receive any complaint relating to violation of human rights in FY 2016-17.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

LTFH is committed to conduct its business in a manner that protects the natural environment. Given that LTFH is a holding company with no direct business operations and less number of employees, the Company does not have any significant direct environmental impacts.

However, in line with its commitment to environmental protection, the Company has undertaken the following environmentally responsible initiatives at the office located at Kalina i.e. Corporate office of the Company where LTFH employees are based at the Corporate office.

- Movement sensor based lighting in office premises which automatically turns the lights off when not in use.
- VFD’s (Variable Frequency Drives) for Air Handling Units and pumps for optimum use of electricity.
- Energy efficient lighting like LEDs in office premises and also replacing the existing conventional lighting to LEDs in various offices.
- Emergency Escape Chute which can be used for evacuation at the time of emergencies like fire and etc.
- Sewage Treatment Plant (STP) for treatment of waste water to reused for gardening and Air Conditioning.

The Company has taken steps to ensure that the organization becomes a paperless organization. As a first step, the Company has adopted the practice of making available all the papers related to meetings of directors through electronic mode through an application namely - iBoard application.

Further, usage of dedicated printers has been discontinued and people are encouraged to avoid printing.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company engages in influencing public and regulatory policy through its participation by way of providing suggestions on the draft notifications / circulars issued by various regulators from time to time and also making representation to various bodies / regulators on matters affecting the industry or society at large.

The Company also provides valuable suggestion to various regulators keeping in mind the larger interests of the industry.

Further, Company is also Member Federation of Indian Chambers of Commerce and Industry (“FICCI”), Confederation of Indian Industry (“CII”) and The Associated Chambers of Commerce and Industry of India (“ASSOCHAM”) through which Company provide valuable suggestion for the betterment of Industry at large.

Principle 8: Businesses should support inclusive growth and equitable development

The Corporate Social Responsibility Policy is formulated in compliance with Section 135 of the Companies Act, 2013 and the Company contributed for the activities mentioned as per Schedule VII of the Companies Act, 2013

The objectives of CSR Policy of the Company are detailed as under:

LTFS has a CSR vision to uphold human values with sustainable community development. The development will facilitate equal opportunities to everyone irrespective of caste, class, colour, gender and religion, leading to self-reliance. LTFS aspires to be known to society as a group which cares and seeks to build-up capacities of the underserved, marginalised and disadvantaged by working together, with and for them. This aspiration includes all aspects of human development for a dignified living. LTFS is committed to look at social responsibility beyond compliance while making social thinking a DNA of its existence. Leadership team and employees’ participation will be an integral part of CSR.

The projects covered under thrust areas are as follows:

Thrust Areas	Projects
Quality Education	Muktangan, Teach for India, Kasturi Trust The Akanksha Foundation, Isha Vidhya, Gyan Prakash Foundation
Livelihood Generation	J K Trust, Dilasa Sanstha, PRADAN, Sri Aurobindo Society
Disaster Management	ADRA India, National Relief Fund
Art and Culture	Kala Sangam Charitable Trust, Banyan Tree (SGBS Trust) and Hridyesh Arts

The CSR Policy gives an overview of the projects or programmes which are proposed to be undertaken by the Company in the coming years. The Policy is available at www.ltf.com. For

more information, refer to the Annual Report on CSR activities as contained in the Annual Report for FY 2016-17.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

LTFH being a holding company doesn't have any direct customers under the scope of this BRR. We have a grievance redressal mechanism for our stakeholders and shareholders.

The Company has formed Stakeholders Relationship Committee of the Board and one of the Independent Director is the Chairperson of the Committee wherein the status of the investors grievance are reviewed and the said Committee advised the Company to take appropriate steps for resolving the grievances of the shareholders. Our shareholders can raise grievance/complaints by writing to us directly or emailing us at igrc@lths.com

We stringently monitor all complaints we receive, and strive to close any complaints well within stipulated time limits. There are no outstanding customer complaints as on March 31, 2017.