

Board's Report

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty Third Annual Report of the Company with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of financial results of the Company for the financial year ended March 31, 2017 is as under:

(₹ In Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	95,389.22	65,875.70
Less: Total Expenses	74,368.46	56,946.89
Profit before Tax	21,020.76	8,928.81
Provision for Tax	7,628.08	3,566.92
Deferred tax	(248.47)	(442.10)
Profit after Tax	13,641.15	5,803.99
Add: Balance brought forward from previous years	1,794.71	(2,848.48)
Appropriations:		
Less: Transfer to Special Reserve u/s 29C of the NHB Act	2,729.93	1,160.80
Net surplus in the Statement of Profit and Loss	12,714.44	1,794.71

APPROPRIATIONS

Your Company proposes to transfer ₹ 2,729.93 Lakh (previous year: ₹ 1,160.80 Lakh) to the Special Reserve created under Section 29C of the National Housing Bank Act, 1987.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

• Performance of businesses

The year was marked by unprecedented events for the real estate market like passing of Real Estate Regulation Act (RERA), demonetization etc. All

these resulted in a temporary slowdown in tertiary sale of properties. However, we believe that in mid to long term, these measures will be positive for the sector help in making markets more resilient and mature. The Company has managed to disburse close to ₹ 3,400 Crore of retail and construction finance loans.

The yields for incremental business for retail loans (home loans & loan against property) have increased by 75 basis points on a year on year basis. This is attributed to focused sourcing of loan against property business to tide over the slump in housing sales.

During the year under review, loans were disbursed amounting to over ₹ 3,400 Crore, constituting retail loans to individuals as well as construction finance to builders. Disbursements in loan against property business have grown by 25% in the financial year ending March 31, 2017. Loan book for retail business has grown by 20% while loan book for the construction funding business has grown by 22% in the financial year ending March 31, 2017 against preceding year. Profits grew from ₹ 58 Crore last fiscal to ₹ 137 Crore this fiscal.

The cost to income ratio was bettered from 49.67% in FY16 to 26.24% in FY17 on account of augmented efficiency, revamped processes and better utilization of resources.

• Initiatives undertaken during the year

During the financial year 2016-17, the Company has undertaken several initiatives with an objective to diversify products, distribution channels, improve customer experience and overall focus on process improvement. Some key initiative taken are as under:

For home loans & LAP business

- In our endeavor to improve margins and ROE, as a first step, sourcing of salaried home loan cases though DSA vertical was stopped.
- Further, a framework for sourcing home loans through construction finance projects was also created in order to leverage our existing relationships.
- Product proposition was tweaked to strengthen offering to self employed customer for HL and LAP product.

- End to end loan process was revamped this year to deliver faster sanction and disbursement TAT to the customer.
- Business coverage was consolidated from 42 to 24 locations by closing locations with low productivity, potential and/or higher delinquency.
- Drive for improvement in average fee income from 0.4% to 1% of loan amount through credit life insurance product was successfully undertaken.

For Construction finance business

- Strategy has been to focus on category A and B (large and mid size) developer to manage heightened market risk and build regular source of business.
- Developing end to end product offering to address funding requirements across project lifecycle.
- Actively coordinating with L&T Ecosystem for business growth and developer feedback.
- Reengineered entire process and now offering market competitive TAT.
- Focus has been on 5 key markets with local team presence.

- **Financial Performance of the Company**

The Company has achieved significantly better performance during the year under review, in comparison to the year ended March 31, 2016, the highlights of which are as below:

- Gross Portfolio Assets grew from ₹ 6,85,881.73 Lakh as at March 31, 2016 to ₹ 8,33,566.67 Lakh as at March 31, 2017.
- Total Income grew from ₹ 65,875.70 Lakh in 2015-16 to ₹ 95,389.22 Lakh in 2016-17.
- Profit before Tax (PBT) grew from ₹ 8,928.81 Lakh in 2015-16 to ₹ 21,020.76 Lakh in 2016-17.
- Profit after Tax (PAT) grew from ₹ 5,803.99 Lakh in 2015-16 to ₹ 13,641.15 Lakh in 2016-17.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, CARE Limited and ICRA Limited had reviewed the ratings on various debt instruments of the Company. The ratings on non-convertible debentures (“NCDs”), bank loans and subordinated bonds were reaffirmed at AA+ [Double A Plus] rating. The rating assigned to the company’s perpetual debt was also reaffirmed at AA [Double A]. The above mentioned ratings carry a stable outlook from both the rating agencies. CARE and ICRA have also reaffirmed ratings assigned to the commercial papers (“CPs”) issued by the company at A1+ [A One Plus].

The instruments/bank facilities with long term ratings of AA+/AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The instruments with short term ratings of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

There was no change in rating during financial year 2016-17.

RESOURCES

During the year under review, the Company met its funding requirements mainly through issue of NCDs, CPs, inter corporate deposits (“ICDs”) and bank borrowings.

During the year under review, the Company has raised ₹1,88,350 Lakh through issue of NCDs on a private placement basis from various investors. Out of which ₹ 1,500 Lakh were raised through issue of NCDs, in the nature of perpetual debt. The Company also redeemed

NCDs worth ₹ 93,025 Lakh during the financial year 2016-17.

During the year, the net borrowings have increased from ₹ 6,29,231.23 Lakh as at March 31, 2016 to ₹ 7,44,775.84 Lakh as at March 31, 2017.

During the year under review, the Company has allotted 82,50,825 equity shares of ₹ 10/- each at a premium of ₹ 80.90/- per share (total consideration of ₹ 90.90/- per share) aggregating to ₹ 74,99,99,992.50/- (Seventy Four Crore Ninety Nine Lakh Ninety Nine Thousand Nine Hundred & Ninety Two Rupees Fifty Paise only) to L&T Finance Holdings Limited on a rights basis.

SHARE CAPITAL

During the year under review, in accordance with the terms of scheme of amalgamation of Consumer Financial Services Limited with the Company, the Authorised Capital of the Company was increased from ₹ 1,68,00,00,000/- (Rupees One Hundred and Sixty Eight Crore only) divided into 16,60,00,000 equity shares of ₹ 10/- each and 2,00,000 preference shares of ₹ 100/- each to ₹ 1,69,00,00,000/- (Rupees One Hundred and Sixty Nine Crore only) divided into 16,70,00,000 equity shares of ₹ 10/- each and 2,00,000 preference shares of ₹ 100/- each.

During the year under review, the paid-up capital of the Company was increased from ₹ 1,21,40,00,000/- (Rupees One Hundred Twenty One Crore and Forty Lakh only), divided into 12,14,00,000 equity shares of ₹ 10/- each to ₹ 129,65,08,250/- (Rupees One Hundred and Twenty Nine Crore Sixty Five Lakh Eight Thousand Two Hundred and Fifty only), divided into 12,96,50,825 equity shares of ₹ 10/- each.

FIXED DEPOSITS

The Company is a deposit accepting housing finance company. However, the Company had stopped accepting fresh deposits as well as renewal of existing deposits several years earlier, and as such, during the year, the Company has not accepted any public deposits.

DIRECTORS

During the year under review, Mr. N. Sivaraman, had stepped down as a Director of the Company effective from the close of business hours of April 11, 2016 consequent upon his retirement from the services of L&T Financial Services Group. The Board records its appreciation of the valuable contribution made by Mr. N. Sivaraman as a Director of the Company.

Further, Mr. Dinanath Dubhashi was appointed as the Chairperson of the Board of the Company with effect from July 21, 2016.

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors. As on March 31, 2017, the Board comprises the following Directors:

- Mr. Dinanath Dubhashi Non-Executive Director, Chairperson
- Dr. (Mrs.) Rajani R. Gupte Independent Director
- Mr. Subramaniam N. Independent Director
- Mr. Prabhakar B. Non-Executive Director
- Mr. Pavninder Singh Non-Executive Director

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

Terms and conditions of appointment of Independent Directors are placed on the website of the Company <http://www.lfs.com>.

DECLARATION BY INDEPENDENT DIRECTORS

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

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Further, all the Directors meet the fit and proper criteria stipulated by National Housing Bank (NHB) pursuant to the regulatory framework notified during the year.

The Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Vasudevan Ramaswami, Manager and Chief Executive of the Company had resigned from his position with effect from close of business hours of April 4, 2016. Also, Mr. Girijakanta Misra, who was appointed as a Manager on April 6, 2016 had resigned on January 20, 2017 and Mr. Srikanth J has been appointed as the Manager of the Company with effect from January 20, 2017.

The Board records its appreciation of the valuable contribution made by Mr. Vasudevan Ramaswami and Mr. Girijakanta Misra during their tenure as the Manager of the Company.

Accordingly, as on March 31, 2017, the Company has the following Key Managerial Personnel ("KMP"):

- Mr. Srikanth J – Manager
- Mr. Saurabh Zawar - Head–Accounts*
- Ms. Chunni Singh - Company Secretary

** Effective May 2, 2017, Mr. Sandeep Somani has been appointed as the Head - Accounts of the Company in place of Mr. Saurabh Zawar to discharge the duties and responsibilities as required to be performed by the Chief Financial Officer under the Act.*

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A. Background

Section 178 of the Companies Act, 2013 and rules thereof ("the Act"), require the Nomination and Remuneration Committee ("NRC") of a Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment

and remuneration for Directors, KMPs and other employees.

B. Brief Framework of the Policy

The objective of this Policy is:

- To determine inter-alia, qualifications, positive attributes and independence of a Director;
- To guide on matters relating to appointment and removal of Directors, and Senior Management;
- To lay down criteria/evaluate performance of the Directors; and
- To guide on determination of remuneration of the Directors, KMP and other employees.

C. Appointment of Director(s)

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

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

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

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules thereunder. The NRC ensures that a person does not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless their appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

The Company has framed a Code of Conduct for its Directors. The Directors have to abide by the Code of Conduct and ensure compliance of the same.

D. Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/Employees

- Non-executive Directors/Independent Directors

The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

- Membership & attendance - Committee and Board Meetings
- Contribution during such meetings
- Active participation in strategic decision making
- Inputs to executive management on matters of strategic importance
- Such other matters, as the NRC/Board may determine from time to time.

- Senior Management/Key Managerial Personnel/Employees

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

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

E. Criteria for Remuneration

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

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

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

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/ Non-Executive Directors and Chairperson.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

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

b. Independent / Non-Executive Directors Evaluation:

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

c. Chairperson Evaluation :

Evaluation by the other members of the Board, is submitted to the Chairperson of the NRC of L&T Finance Holdings Limited, the holding company and individual feedback is provided to the Chairperson.

CORPORATE GOVERNANCE

It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices. The Corporate Governance Report is furnished as '**Annexure A**' to this Report.

In accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, dated February 9, 2017, as amended from time to time, the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twenty Second AGM held on June 17, 2016, have appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twenty Second AGM till the conclusion of the Twenty Seventh AGM.

Further, in terms of section 139(1) of the Act, the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Members at the ensuing Twenty Third AGM.

In this regard, the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

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 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn Jay & Co, practising company secretary to undertake the secretarial audit of the Company.

The Secretarial Audit Report is appended as '**Annexure B**' to this Report.

There is no adverse remark, qualification or reservation in the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended herewith as '**Annexure C**'.

In terms of provisions of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and 5(3) of the Rules. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Policy on Director's appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the employees listed in the said Annexure is related to any Director of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year (previous year ₹ Nil). The expenditure in foreign currency for software license fees and for professional fees was nil (previous year ₹ Nil).

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

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited.

During the year under review, Consumer Financial Services Limited, the wholly-owned subsidiary of the Company has been amalgamated with the Company, with effect from October 28, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of

review by the Internal Audit function. The scope and authority of Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of L&T Financial Services monitors and evaluates the efficiency and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee from time to time.

BOARD MEETINGS

During the financial year 2016-17, the Board of Directors of the Company met six (6) times i.e. on April 6, 2016, April 29, 2016, July 21, 2016, October 24, 2016, January 20, 2017 and March 21, 2017.

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

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 and regulations framed by the National Housing Bank ("NHB"). The details of the same are provided in the Corporate Governance report.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted the CSR Committee. The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report.

The Company has also formulated a policy on Corporate Social Responsibility, which is available on the website of the Company <http://www.ltfs.com>. Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as 'Annexure D' to this Report.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and

employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up a "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of this Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on aforesaid matters. The Chief Internal Auditor of L&T Financial Services Group acts as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal accounting controls or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of the Act and available on the website of the Company <http://www.ltfs.com>.

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

Details of loans given, investments made, guarantees given and securities provided, if any, as covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and pursuant to the recommendations of the Audit Committee ("AC"), the Board of Directors at its meeting held on July 17, 2014 had approved the policy on transactions with related parties ("RPT Policy"), for the Company. The same is also available on the website of the Company <http://www.ltfs.com>. The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure

that all necessary requirements are being complied with.

- All RPTs which are not at arm's length and/or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has formulated a risk management framework to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee.

The risk management framework is also covered in more detail in Management Discussion & Analysis Report.

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

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaint in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of the Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies

(Management and Administration) Rules, 2014 is appended as '**Annexure E**' to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by NHB/any other Regulators during the year under review.

NATIONAL HOUSING BANK GUIDELINES

The Company continues to comply with all the requirements prescribed by the National Housing Bank, from time to time, as applicable to it.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/license/authorisation, by whatever name called, from any other financial sector regulators.

ACKNOWLEDGEMENT

Your Directors express their sincere gratitude to the National Housing Bank, Reserve Bank of India, Securities and Exchange Board of India, 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 across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Dinanath Dubhashi

Chairperson

DIN 03545900

Place: Mumbai

Date: May 2, 2017

Registered Office:

L&T House,
Ballard Estate,
Mumbai - 400001

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

As on the date of this Report, the Board comprises five Non-Executive Directors including two Independent Directors. Dr. (Mrs.) Rajani R. Gupte and Mr. Subramaniam N. are Independent Directors. Mr. Dinanath Dubhashi is the Non-Executive Director and Chairperson while Mr. Prabhakar B. and Mr. Pavninder Singh are the Non-Executive Directors on the Board of the Company.

During the financial year 2016-17, the Board of Directors of the Company met six (6) times i.e. on April 6, 2016, April 29, 2016, July 21, 2016, October 24, 2016, January 20, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Dinanath Dubhashi	03545900	C	6	6
Mr. Subramaniam N.	00166621	ID	6	6
Dr.(Mrs.) Rajani Rajiv Gupte	03172965	ID	6	5
Mr. Prabhakar B	02101808	NED	6	6
Mr. Pavninder Singh	03048302	NED	6	3

C - Chairperson ID - Independent Director NED - Non-Executive Director

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

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors

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

1) Audit Committee

The Audit Committee has been set up pursuant to provisions of Section 177 of the Act as well as NHB directions for housing finance companies. During the financial year 2016-17 the Committee met seven times, i.e. on April 6, 2016, April 28, 2016, July 20, 2016, October 24, 2016, December 7, 2016, January 20, 2017 and March 21, 2017.

The Committee comprises of the following Members:

Dr. (Mrs.) Rajani R. Gupte
Mr. Subramaniam N.
Mr. Dinanath Dubhashi

The attendance of the Members of the Audit Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Dr. (Mrs.) Rajani R. Gupte	7	6
Mr. Subramaniam N.	7	6
Mr. Dinanath Dubhashi	7	7

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013.

Terms of reference of the Committee are as follows:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the company.
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
- Examination of the financial statement and the auditors' report thereon.
- Approval or any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.

- vi) Valuation of undertakings or assets of the company, wherever it is necessary.
- vii) Evaluation of internal financial controls and risk management systems.
- viii) Monitoring the end use of funds raised through public offers and related matters.
- ix) Functioning of the Vigil Mechanism Framework of the Company.
- x) Access to information contained in the records of the Company and external professional advice.
- xi) Investigation of any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice.
- xii) Oversight of the Companies' financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- xiii) Recommendation of appointment and removal of external auditor, fixation of audit fees and also approve payment for other services.
- xiv) Discussion with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system.
- xv) Recommendation on financial management including audit report shall be binding on the Board.
- xvi) Investigation into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the company.
- xvii) Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company.

- xviii) Ensuring Information Systems Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by NHB.

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

2) Nomination and Remuneration Committee

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated a policy on fit and proper criteria for directors' appointment and policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the financial year 2016-17, the Committee met four times, i.e. on July 21, 2016, September 14, 2016, October 24, 2016 and January 20, 2017.

The Committee comprises the following Members:

Dr. (Mrs.) Rajani R. Gupte, Chairperson
Mr. Subramaniam N.
Mr. Dinanath Dubhashi

The attendance of the Members of the Nomination and Remuneration Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Nomination and Remuneration Committee Meetings held during the year	No. of Nomination and Remuneration Committee Meetings attended
Dr. (Mrs.) Rajani R. Gupte	4	4
Mr. Subramaniam N.	4	3
Mr. Dinanath Dubhashi	4	4

Role of the Committee:

Terms of reference of the Committee are as follows:

- i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board

- their appointment and removal and carry out evaluation of every director's performance.
- ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
 - iii) Ensure that:
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
 - iv) Ensure fit and proper status of existing/ proposed reference directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.
 - v) Undertake process of due diligence at the time of initial appointment and also prior to re-appointment.
 - vi) Decide based on the information provided in the declaration, the acceptance (and/ or otherwise) and make references where considered necessary to the appropriate person/authority to ensure their compliance with the requirements indicated.
 - vii) Obtain annual declaration confirming that the information already provided had not undergone change and if there is any change requisite details would be furnished by the directors forthwith.
 - viii) Focus on evaluating senior level employees their remuneration, promotion etc.

3) Corporate Social Responsibility Committee

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee ("CSR"). During the financial year 2016-17, the Committee met once, i.e. on September 14, 2016 and all the members were present. The Committee comprises the following Members:

Dr. (Mrs.) Rajani R. Gupte
Mr. Dinanath Dubhashi
Mr. Prabhakar B.

Role of the Committee

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

4) Committee of Directors:

The Committee comprises the following Members:

Mr. Dinanath Dubhashi
Mr. Prabhakar B.
Mr. Pavninder Singh

Role of the Committee

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

During the financial year 2016-17, the Committee met twenty-three times.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 29, 2016 and October 24, 2016, pursuant to the provisions of the Act.

REMUNERATION OF DIRECTORS

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

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Sitting fees for Board meetings attended	Sitting fees for Committee meetings attended@	Commission	Total
Dr. (Mrs.) Rajani R. Gupte	1,20,000	2,20,000	11,55,000	14,95,000
Mr. Subramaniam N.	1,40,000	1,80,000	11,90,000	15,10,000
Mr. Prabhakar B.	1,20,000	20,000	9,25,000	10,65,000
Mr. Pavinder Singh	60,000	-	7,25,000	7,85,000

Notes:

@Includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

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

RESPONSIBILITIES OF THE BOARD

The operations of the Company are run by the Manager under the supervision and the guidance of the Board.

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

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

and contribute effectively to the Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

DEBENTURE TRUSTEE

The debenture trustees of the Company are:

Catalyst Trusteeship Limited (erstwhile GDA Trusteeship Limited)

GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038

Tel: +91 020 2528 0081

Fax: +91 020 2528 0275

E-mail: dt@ctltrustee.com

Website: www.catalysttrustee.com

DISCLOSURES

During the financial year ended March 31, 2017:

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

MEANS OF COMMUNICATION

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submits the "Half Yearly Communication" to the Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Reports are displayed on the website of the Company <http://www.ltf.com>.

Place: Mumbai

Date: May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR.3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To

The Members,

L&T Housing Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Housing Finance Limited** (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable;**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company;**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not Applicable to the Company;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable to the Company;**
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company;**
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable** and
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**

- (vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the National Housing Bank Act, 1987 and notifications, and other directions pertaining to Housing Finance Companies issued by the National Housing Bank. Further, the Company has complied with the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance of the following to the extent applicable:

- (a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and
- (b) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, with respect to the Company's listing of Non-Convertible Debentures.

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

We further report that

- (a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and
- (c) The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. The Company has obtained approval from the members at the Extra Ordinary General Meeting for revision in borrowing powers of the Company under section 180(1)(c) of the Companies Act, 2013 up to sum of ₹ 15,000 Crores.
2. The Company has obtained Shareholders' Approval for issuance of Non-Convertible Debentures/bonds on private placement basis to various investors from time to time during the financial year 2016-17 up to ₹ 6000 Crores.
3. Approval of the Shareholders of the Company has been obtained for Alteration of the Articles of Association of the Company.
4. Bombay High Court vide its order dated 10th July, 2015 and 18th November, 2016 & Delhi High Court vide its order dated 29th August, 2016 approved the Scheme of Amalgamation of Consumer Financial Services Limited with the Company & thereafter, the order of Delhi High Court was filed with Registrar of Companies on 27th October, 2016 & order of Bombay High Court was filed with Registrar of Companies on 28th October, 2016. Therefore, the amalgamation was effective on 28th October, 2016.

Place : Mumbai
Date : 24th April, 2017

ALWYN JAY & CO.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Vijay Sonone FCS.7301]
(Partner)
[Certificate of Practice No.7991]

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

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

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. ⁽¹⁾	Not Applicable	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. ⁽¹⁾	Manager – 15% Chief Financial Officer (Head- Accounts) - 12% Company Secretary - 7%	
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of employees in the financial year was increased by 8.9%.	
4	The number of permanent employees on the rolls of Company.	404 employees	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial Personnel
		9%	15%
	<p>Justification : Considering the responsibilities entrusted upon the Managerial Personnel, the Management feels that the percentile increase in remuneration of Managerial Personnel is justified.</p>		
6	Affirmation that the remuneration is as per remuneration policy of the Company	We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.	

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

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")

Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

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

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

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as integrated water resource management and financial inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at <http://www.ltfs.com>.

2) **Composition of CSR Committee:**

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

3) **Average Net Profit of the Company for the last three financial years is ₹ 5259.72 Lakh.**

4) **Prescribed CSR expenditure and details of CSR spend:**

Particulars	Rs. in Lakh
Prescribed CSR Expenditure	105.19
Amount spent as CSR	105.19
Amount unspent	-

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

(₹ in Lakh)

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Rural Development Project - para-veterinary services for livestock and enhancing livelihoods for community youth	ii) Livelihoods enhancement project x) Rural Development project	State: Odisha District: Cuttack, Jajpur & Bhadrak	1.87	1.87	1.87	Indirect**
2	Rural development through - Watershed management-drought relief project	(x) rural development projects	State: Maharashtra District: Beed	103.32	103.32	103.32	Indirect**
	Total CSR Spend in FY 16-17			105.19	105.19	105.19	

Note:

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

6) **Responsibility Statement:**

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

For and on behalf of the Board of Directors

Dinanath Dubhashi
Director and Member of CSR Committee
DIN 03545900

Prabhakar B.
Director and Member of CSR Committee
DIN 02101808

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS

I	CIN	U45200MH1994PLC259630
II	Registration Date	31-08-1994
III	Name of the Company	L&T Housing Finance Limited
IV	Category/Sub-category of the Company	Company Limited by Shares
V	Address of the Registered office & contact details ⁽¹⁾	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000
VI	Whether listed company	Yes (Only Debentures are listed)
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mr. Ganesh Jadhav Assistant Vice President M/s. Link Intime (India) Private Limited C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6262 Email Id: ganesh.jadhav@linkintime.co.in

⁽¹⁾ Change of registered office effective June 15, 2017

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	Housing Finance – Home loan, loan against property, construction funding.	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited ⁽¹⁾ Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000	L67120MH2008PLC181833	Holding Company	100	2(46)

⁽¹⁾ Change of registered office effective June 15, 2017

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % of total Equity)

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	6#	6#	0	-	6#	6#	0	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	43,923,072	77,476,922	121,399,994	100	12,96,50,819	-	12,96,50,819	100	6.79	-
d) Bank/ FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	43,923,072	77,476,928	121,400,000	100	12,96,50,819	6	12,96,50,825	100	6.79	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	43,923,072	77,476,928	121,400,000	100	12,96,50,819	6	12,96,50,825	100	6.79	-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-	-
(2) Non Institutions										
a) Bodies corporate	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	43,923,072	77,476,928	121,400,000	100	12,96,50,819	6	12,96,50,825	100	6.79	-

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	121,400,000*	100	-----	12,96,50,825*	100		-----
	Total	121,400,000*	100	-----	12,96,50,825*	100		-----

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING - (SPECIFY IF THERE IS NO CHANGE)

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	L&T Finance Holdings Limited				
	At the beginning of the year	1,21,400,000*	100		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/ sweat equity etc)	-	-	Date of Allotment – 24/01/2017 Allotment of 82,50,825 equity shares of face value ₹ 10/- each at a premium of ₹ 80.90/- per share (aggregating ₹ 90.90/- per share) on right basis	100
	At the end of the year			12,96,50,825*	100

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

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

(v) Shareholding of Directors & Key Managerial Personnel

Sr. No.	For Each of the Directors & KMP	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Mr. Dinanath Dubhashi * (Director)	1	0	1	0.0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	---	---	---	---
	At the end of the year				
	Mr. Dinanath Dubhashi * (Director)	1	0	1	0.0

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

V. INDEBTEDNESS

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

(₹ in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,09,630.56	1,19,300.00	Nil	6,28,930.56
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	15,729.63	603.26	Nil	16,332.89
Total (i+ii+iii)	5,25,360.19	1,19,903.26	Nil	6,45,263.45
Change in Indebtedness during the financial year				
Additions	13,25,106.07	28,51,932.62	2,21,225.00	43,98,263.69
Reduction	12,13,460.42	28,47,732.98	2,21,225.00	42,82,418.40
Net Change	1,11,645.65	4,199.64	0.00	1,15,845.29
Indebtedness at the end of the financial year				
i) Principal Amount	6,21,276.21	1,23,499.64	Nil	7,44,775.85
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	20,699.60	691.60	Nil	21,391.20
Total (i+ii+iii)	6,41,975.81	1,24,191.24	Nil	7,66,167.05

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr. No	Particulars of Remuneration	Name of the MD/WTD/ Manager			Total Amount
		Mr. Vasudevan Ramaswami (Manager) ⁽¹⁾	Mr. Girijakanta Misra (Manager) ⁽²⁾	Mr. Srikanth J (Manager) ⁽³⁾	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	NA	79,44,566	NA	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
--	as % of profit	-	-	-	-
--	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	79,44,566	-	79,44,566
	Ceiling as per the Act	₹ 10,53,17,000 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

⁽¹⁾ Mr. Vasudevan Ramaswami drew his remuneration from another company within the L&T Financial Services Group.

⁽²⁾ Remuneration data till January 20, 2017.

⁽³⁾ Mr. Srikanth J draws his remuneration from another company within the L&T Financial Services Group.

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Subramaniam N.	Dr. (Mrs.) Rajani. R. Gupte	
1	Independent Directors			
	a) Fees for attending Board/Committee Meetings ⁽¹⁾	3,20,000	3,40,000	6,60,000
	b) Commission	11,90,000	11,55,000	23,45,000
	c) Others, please specify	-	-	-
	Total (1)	15,10,000	14,95,000	30,05,000
2	Other Non executive Directors			
	a) Fees for attending Board/Committee Meetings ⁽¹⁾	1,40,000	60,000	2,00,000
	b) Commission	9,25,000	7,25,000	16,50,000
	c) Others, please specify	-	-	-
	Total (2)	10,65,000	7,85,000	18,50,000
	Total (B)=(1+2)	25,75,000	22,80,000	48,55,000
	Total Managerial Remuneration (A+B)	-	-	1,27,99,566
	Overall Ceiling as per the Act	₹ 23,16,98,000 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

⁽¹⁾ Committee Meeting includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO NA	Ms. Chunni Singh Company Secretary	Mr. Saurabh Zawar CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	4,73,542	7,99,475	12,73,017
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	4,73,542	7,99,475	12,73,017

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US\$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of its GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US\$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. RERA too will cause some turbulence and consolidation in the real estate sector. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

HOUSING FINANCE

Your Company has identified housing finance as one of its core business based on the long term growth prospects of this industry. The Company's products in this sector include Home loans, Loan Against Property and Real Estate Finance.

Home Loans & Loan Against Property (LAP)

The housing finance industry growth slowed to 16% in FY17 from 19% in FY16, with the overall housing credit at ₹ 14.4 lakh crs. in FY17 (₹ 12.4 lakh crs. in FY16). While this slowdown was across the industry, the decline was higher for banks because of operational constraints caused by demonetisation. The growth in the sector was also impacted by a slowdown in new project launches with buyers deferring their purchase decisions, with an expectation of a downward revision in prices.

At beginning of FY17, your Company realigned its focus towards disbursing loans to self-employed customers. Despite challenging market situations, your Company's Home Loan and LAP book grew by 21% during the year, touching a new milestone of ₹ 7,500 crs.

Competitive Advantage

- Sharpened proposition to strengthen the product offering to self-employed customers
- Streamlined processes to deliver faster sanctions and disbursement TAT to the customer

Future Strategy

- Achieve best in class TAT through digitisation and automation
- Use of analytics for direct sourcing and cross selling
- Drive operational efficiency through focus on key locations and manpower productivity

Real Estate Finance

Real Estate is transitioning towards a more regulated industry with the introduction of Real Estate (Regulation and Development) Act, 2016 (RERA). Demonetisation also had a temporary negative impact on the sector. Demand in residential, primarily on account of affordable housing segment, is expected to see a revival after a slowdown over the past 2-3 years. In the commercial office segment, major metros have seen strong demand for Grade A office space leading to a higher occupancy and robust rental growth. At the start of FY17, a Real Estate Finance vertical was created to cater to various funding requirements of developers in both residential and commercial spaces. Our objective behind creating this vertical was to establish the LTFS Real Estate business as a key player in the development finance market. Real Estate Finance business achieved loan disbursements of ₹ 3,841 crs. and a Loan Book of ₹ 4,865 crs.

Competitive Advantage

- Comprehensive product suite to address top developers' funding requirements
- Robust risk management and early warning signal mechanism
- Strong processes to deliver faster TAT

Future Strategy

- Focus on top real estate developers with the aim to build sustainable relationships
- Build a wider product portfolio and focus on Syndication/Sell down for risk distribution
- Leverage L&T ecosystem for business growth and market intelligence

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening

its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. Risk Appetite Statement (RAS)

A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. Risk Dashboards & Early Warning Signals (EWS)

Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. Treasury Risk Management

This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. Risk-adjusted Pricing

This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on internal control systems and their adequacy, refer Board Report.

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 404 employees.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

1. Clarity and Communications of Management Intent

The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

2. A Well-honed Execution Engine

Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's overarching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through

Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

Independent Auditor's Report

TO THE MEMBERS OF L&T HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T HOUSING FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt

with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. To the best of our information and according to the information and

explanations given to us, we report that, except where, for reasons explained in note no. 25.9 to the financial statements, the disclosures with regard to the Specified Bank Notes ("SBNs") were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts by the customers for which information relating to SBNs was not available has been classified as "Permitted receipts/ Other Denomination Notes", the Company has provided requisite disclosures in the financial statements as regards its holding and dealings in SBNs, as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained for the purpose of preparation of the financial statements and as produced before us by the management.

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

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain

(Partner)

(Membership No. 108262)

Mumbai, 2nd May, 2017

Annexure 'A' to the Independent Auditors' Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **L&T HOUSING FINANCE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over

financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential

components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain

(Partner)
(Membership No. 108262)

Mumbai, 2nd May, 2017

Annexure 'B' to the Independent Auditors' Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed and other relevant document provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Custom Duty, Excise Duty and corresponding cess during the year.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any funds by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

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

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year

the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain

(Partner)

(Membership No. 108262)

Mumbai, 2nd May, 2017

Balance Sheet as at March 31, 2017

(₹ in lakh)

Particulars	Note No	As at 31-Mar-17	As at 31-Mar-16
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	12,965.08	12,140.00
Reserves and surplus	4	67,563.40	47,299.68
		80,528.48	59,439.68
Non-current liabilities			
Long-term borrowings	5	698,477.00	555,110.78
Other long-term liabilities	6	3,747.74	7,949.51
Long-term provisions	7	3,431.25	2,922.43
		705,655.99	565,982.72
Current liabilities			
Short-term borrowings	8	11,623.84	15,691.48
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	9	875.72	465.08
Current maturities of long term borrowings	5	34,675.00	63,919.78
Other current liabilities	10	46,997.07	51,593.90
Short-term provisions	7	1,268.70	1,050.83
		95,440.33	132,721.07
TOTAL		881,624.80	758,143.47
ASSETS			
Non-current assets			
Fixed assets			
	11		
Tangible assets		236.75	267.24
Intangible assets		45.52	89.47
Intangible assets under development		120.04	7.27
Capital Work in progress		6.90	40.51
Non-current investments	12	8,499.24	35.01
Deferred tax assets (net)	14	874.44	625.97
Long-term loans and advances	13	49.56	128.50
Long-term loans and advances towards financing activities	13	788,149.44	652,270.15
		797,981.89	653,464.12
Current assets			
Current investments			
	12	35,050.41	63,848.12
Cash and cash equivalents	16	266.91	3,128.62
Short-term loans and advances	13	162.48	253.85
Current Maturities of Long-term loans towards financing activities	13	40,342.39	31,635.58
Other current assets	15	7,820.72	5,813.18
		83,642.91	104,679.35
TOTAL		881,624.80	758,143.47
See accompanying notes forming part of financial statements	1-25		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Mukesh Jain

Partner

May 02, 2017

Mumbai

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

Dinanath Dubhashi

Chairperson

DIN - 03545900

Chunni Singh

Company Secretary

Sandeep Somani

Head Accounts (CFO)

Statement of Profit and Loss for the year ended March 31, 2017

(₹ in lakh)

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
Income			
Revenue from operations	17	94,842.34	65,784.98
Other income	18	546.88	90.72
Total revenue (I)		95,389.22	65,875.70
Expenses			
Employee benefit expenses	19	4,715.10	4,999.97
Finance costs	20	58,415.36	40,879.45
Other expenses	21	6,803.89	8,552.92
Depreciation and amortization expense	22	203.15	228.83
Provisions and Contingencies	23	4,230.96	2,285.72
Total expenses (II)		74,368.46	56,946.89
Profit before tax (III)=(I)- (II)		21,020.76	8,928.81
Tax expenses			
Current tax		7,628.08	3,566.92
Deferred tax		(248.47)	(442.10)
Total tax expense (IV)		7,379.61	3,124.82
Profit for the year (III)-(IV)		13,641.15	5,803.99
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic and Diluted earnings per equity share (₹)	25.4	11.10	5.81
See accompanying notes forming part of financial statements	1-25		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Mukesh Jain

Partner

May 02, 2017

Mumbai

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

Dinanath Dubhashi

Chairperson

DIN - 03545900

Chunni Singh

Company Secretary

Sandeep Somani

Head Accounts (CFO)

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakh)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
A. Cash Flows from Operating Activities		
Net Profit / (Loss) before Taxation	21,020.76	8,928.81
Adjustments for:		
Income from investments	(266.27)	(3.51)
Dividend received	-	(43.37)
Profit on sale of fixed assets	(8.73)	(0.61)
Depreciation and amortisation	203.15	228.83
Provision for non-performing assets	1,942.72	968.41
Provision for standard assets	1,820.75	1,156.71
Bad debts written off - housing and other loans	469.78	160.65
Profit on sale of Current Investment	(180.35)	(27.91)
Provision for diminution in value of investments	(2.29)	(0.05)
Operating profit/(Loss) before working capital changes	24,999.52	11,367.96
Movements in Working Capital:		
Decrease/(increase) in long term loans and advances	91.37	(41.14)
Decrease/(increase) in short term loans and advances	78.94	(27.01)
Decrease/(increase) in long term loans and advances towards financing activities	(148,154.75)	(300,050.39)
Decrease/(increase) in other current assets	(1,876.09)	(2,355.76)
Increase/(decrease) in other current liabilities	(4,596.76)	4,684.55
Increase/(decrease) in trade payables	409.77	254.65
Increase/(decrease) in other long term liabilities	(4,201.77)	13,720.07
Decrease/(increase) in short term provision	(136.38)	136.67
Cash generated from / (used in) operations	(133,386.15)	(272,310.40)
Direct taxes paid (Including TDS)	(7,391.87)	(3,391.76)
Net cash flows (used in) Operating Activities	(A) (140,778.02)	(275,702.16)
B. Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	10.90	0.61
Purchase of Long Term Investments	(8,494.23)	-
Loans Given		
- Fellow Subsidiaries	(51,815.00)	-
Loans realised		
- Fellow Subsidiaries	51,815.00	-
Dividend	-	43.37
Income from investments	135.75	3.51
Current investments not considered as Cash and cash equivalents		
- Purchased	(240,250.00)	(263,250.00)
- Proceeds from sale	269,230.34	225,486.08
Purchase of fixed assets	(210.04)	(213.40)
Net cash generated from Investing Activities	(B) 20,422.72	(37,929.83)

Cash Flow Statement for the year ended March 31, 2017

(₹ in lakh)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
C. Cash Flows from Financing Activities		
Proceeds from Issue of share capital	7,500.00	19,988.46
Debentures Issue Expense	(93.06)	(102.84)
Proceeds / (repayment) of short-term borrowing (net)	(4,067.64)	10,923.51
Proceeds of long term borrowings	2,214,064.00	1,166,811.59
Repayment of long term borrowings	(2,099,942.56)	(881,263.87)
Net cash generated from Financing Activities (C)	117,460.74	316,356.85
Net (Decrease) /Increase in Cash and Cash Equivalent (A+B+C)	(2,894.56)	2,724.86
Cash and Cash Equivalents at the beginning of the year	3,128.62	403.76
Net Cash and Cash Equivalents transferred on account of merger (Refer note 25.8)	21.85	-
Cash and Cash Equivalents at the end of the year *	255.91	3,128.62
Components of Cash and Cash Equivalents at the year end		
Cash on hand	142.74	217.88
Cheques on Hand	-	1,192.03
With Banks - on current account	113.17	1,718.71
Total	255.91	3,128.62
* Net cash used in operating activity is determined after adjusting the following:		
i) Interest Received	83,175.45	56,985.38
ii) Interest Paid	53,030.42	32,619.44
iii) Dividend received	-	43.37
See accompanying notes forming part of financial statements	1-25	

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Mukesh Jain
Partner

May 02, 2017
Mumbai

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

Dinanath Dubhashi
Chairperson
DIN - 03545900

Chunni Singh
Company Secretary

Sandeep Somani
Head Accounts (CFO)

Notes to the Financial Statements for the year ended March 31, 2017

1. Corporate Information

L&T Housing Finance Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is engaged in the business of disbursing loans against the security of house property to meet housing and other requirements of the borrowers. The Company is registered with the National Housing Bank.

2. Basis of accounting and preparation of financial statements

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 prescribed under Section 133 of the Companies Act, 2013, and in accordance with Housing Finance Companies, (NHB) Directions, 2010 as amended from time to time. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.1 Summary of significant accounting policies

2.1.1 Use of Estimates

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

2.1.2 Cash flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the

effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.1.3 Tangible and Intangible Fixed Assets

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

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

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

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

2.1.4 Depreciation on Fixed Assets

Depreciation on tangible fixed assets is provided on the straight line method as per the useful life prescribed under Schedule II of the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Notes to the Financial Statements for the year ended March 31, 2017

Computer software- 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.1.5 Impairment of tangible and intangible 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.

2.1.6 Investments

The Company being regulated as a Housing Finance Company (HFC) by the NHB, investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the NHB guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'. Investments in debentures which are, in substance, in the nature of credit substitutes are classified as a part of Loans towards Financing Activities and are measured in accordance with the criteria applied for the measurement of Loans towards Financing Activities.

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 the lower of cost and fair value on an individual investment basis.

2.1.7 Revenue Recognition

- (i) 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.

- (ii) Interest income / fees on housing and other loans given are recognised under the internal rate of return method on accrual basis, except in case of interest on non-performing assets and charges for delayed payments and cheque bouncing, if any, which are recognised only when realised.

- (iii) Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan.

- (iv) 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."

2.1.8 Other Income

Dividend is accounted when the right to its receipt is established.

2.1.9 Loans towards Financing Activities

Loans towards financing activities are classified under four categories i.e. (i) Standard Assets (ii) Sub- Standard Assets (iii) Doubtful Assets and (iv) Loss Assets in accordance with NHB guidelines.

In respect of Loans and Debentures / Bonds in the nature of advances where interest is not serviced, provision for diminution is made as per parameter applicable to Non-Performing Advances. Provision on standard assets is made as per provisioning policy of the Company subject to minimum as stipulated as per NHB Guidelines or where additional specific risks are identified by the Management, based on such identification.

2.1.10 Employee benefits

i) Defined-Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during

Notes to the Financial Statements for the year ended March 31, 2017

the year into separate funds under certain statutory / fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

ii) **Defined-Benefits Plans**

The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the "Projected Unit Credit" method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

iii) **Other Employee Benefits**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the period / year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months, the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

2.1.11 **Foreign Currency Transactions**

- (i) All transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.
- (ii) Foreign currency monetary items are reported using closing rate.

- (iii) Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Profit and Loss.

2.1.12 **Borrowing Costs**

Borrowing costs include interest and amortisation of ancillary costs incurred. 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.

2.1.13 **Taxes on Income**

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

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

2.1.14 **Provisions, Contingent liabilities and Contingent Assets**

- (i) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required

Notes to the Financial Statements for the year ended March 31, 2017

to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

- (ii) Contingent Liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

2.1.15 Operating Lease

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

2.1.16 Special Reserve

The Company creates Special Reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987.

2.1.17 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.1.18 Employee Stock Option Plan

The Employees Stock Options Scheme ("the Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock

Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans. Stock options were granted to the employees of the Company during the financial year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The cost incurred by the holding company, in respect of options granted to employees of the Company are being charged to the statement of profit and loss during the period and recovered by the holding Company.

2.1.19 Earnings Per Share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard ("AS") 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 is 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.

2.1.20 Debenture Issue Expenses

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

2.1.21 Share Issue Expenses

Share issue expense is charged to the Statement of Profit and Loss in the year in which it is incurred.

2.1.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

Notes to the Financial Statements for the year ended March 31, 2017

3. Share capital

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Authorized shares		
167,000,000 (March 31, 2016 : 166,000,000) Equity Shares of ₹ 10 each	16,700.00	16,600.00
200,000 (March 31, 2016 : 200,000) Preference Shares of ₹ 100 each	200.00	200.00
Issued, subscribed and fully paid-up shares		
129,650,825 (March 31, 2016 : 121,400,000) Equity Shares of ₹ 10 each fully paid	12,965.08	12,140.00
Total issued, subscribed and fully paid-up share capital	12,965.08	12,140.00

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

Equity shares	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	121,400,000	12,140.00	81,423,078	8,142.31
Issued during the year	8,250,825	825.08	39,976,922	3,997.69
Outstanding at the end of the year	129,650,825	12,965.08	121,400,000	12,140.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
Equity shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding Company) directly or through its beneficially nominees.	129,650,825	12,965.08	121,400,000	12,140.00

(d) Details of shareholders holding more than 5% shares in the Company

	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding Company) directly or through its beneficially nominees.	129,650,825	100%	121,400,000	100%

Notes to the Financial Statements for the year ended March 31, 2017

4. Reserves and surplus

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Securities premium account		
As per last Balance sheet	40,537.36	24,613.84
Add: Additions on fresh issue of equity shares	6,674.92	15,990.77
Less: Debenture/share issue expenses adjusted during the year (Net of tax of ₹ 32.20 lakhs, previous year ₹ 35.59 lakhs)	(60.86)	(67.25)
Closing Balance	47,151.42	40,537.36
Reserve u/s 29C of National Housing Bank (Refer Note 25.11)		
(As per Section 29C of National Housing Bank Act, 1987)		
As per last Balance sheet	4,832.87	3,672.07
Add: Transferred from surplus in the statement of profit and loss	2,729.93	1,160.80
Closing Balance	7,562.80	4,832.87
General Reserve		
As per last Balance sheet	134.74	134.74
Add: Transferred from surplus in the statement of profit and loss	-	-
Closing Balance	134.74	134.74
Surplus/ (deficit) in the statement of profit and loss		
As per last Balance sheet	1,794.71	(2,848.48)
Add: Transfer on account of merger of Consumer Financial Services Limited with the company (Refer note 25.8)	8.51	-
Add: Net Profit for the year	13,641.15	5,803.99
Less: Transfer to special reserve under section 29C of National Housing Bank Act, 1987	(2,729.93)	(1,160.80)
Net surplus/ (deficit) in the statement of profit and loss	12,714.44	1,794.71
Total reserves and surplus	67,563.40	47,299.68

5. Long-term borrowings

(₹ in lakh)

	Non-current portion		Current maturities	
	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
Term loans from Banks				
Secured	273,650.00	215,835.78	5,450.00	46,394.78
Unsecured	89,927.00	88,000.00	-	-
Redeemable Non - Convertible Debentures				
Secured	312,000.00	229,875.00	29,225.00	17,525.00
Unsecured	22,900.00	21,400.00	-	-
	698,477.00	555,110.78	34,675.00	63,919.78
The above amount includes				
Secured borrowings	585,650.00	445,710.78	34,675.00	63,919.78
Unsecured borrowings	112,827.00	109,400.00	-	-
Net amount	698,477.00	555,110.78	34,675.00	63,919.78

Notes to the Financial Statements for the year ended March 31, 2017

Note 5A

As at 31-3-2017

Secured Redeemable Non-convertible Debentures : (privately placed)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable Term Redemption
NCD - Series A/14-15 Opt 2	25	28-May-14	450	-	450	9.75%	15-May-17 Redeemable at par on maturity date
NCD - Series E/14-15 OPT I	25	03-Jul-14	750	-	750	9.71%	03-Jul-17 Redeemable at par on maturity date
NCD - Series E/14-15 OPT II	25	03-Jul-14	1,000	1,000	-	9.79%	28-Jun-19 Redeemable at par on maturity date
NCD - Series F/14-15	25	28-Aug-14	6,000	6,000	-	9.75%	28-Aug-19 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 6	25	05-Sep-14	300	-	300	9.71%	31-Aug-17 Redeemable at par on maturity date
NCD - Series H/14-15 OPT 1	25	19-Sep-14	5,000	5,000	-	9.80%	17-Sep-21 Redeemable at par on maturity date
NCD - Series J/14-15 OPT II	25	07-Nov-14	1,500	1,500	-	9.45%	07-Nov-19 Redeemable at par on maturity date
NCD - Series J/14-15 OPT III	25	07-Nov-14	1,000	1,000	-	9.45%	06-Nov-21 Redeemable at par on maturity date
NCD - Series K/14-15 OPT 1	25	28-Nov-14	2,400	-	2,400	9.01%	04-Dec-17 Redeemable at par on maturity date
NCD - Series L/14-15 OPT 1	25	15-Dec-14	1,000	1,000	-	9.15%	13-Dec-19 Redeemable at par on maturity date
NCD - Series L/14-15-OPT 2	25	15-Dec-14	2,000	2,000	-	9.15%	15-Dec-21 Redeemable at par on maturity date
NCD - Series M/14-15	25	07-Jan-15	4,400	-	4,400	9.07%	15-Jan-18 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 1	25	16-Jan-15	3,000	-	3,000	9.11%	16-Jan-18 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 2	25	16-Jan-15	30,000	30,000	-	9.20%	16-Jan-20 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 3	25	16-Jan-15	7,000	7,000	-	9.20%	14-Jan-22 Redeemable at par on maturity date
NCD - Series P/14-15 OPT 1	25	24-Feb-15	2,000	2,000	-	9.10%	24-Feb-20 Redeemable at par on maturity date
NCD - Series P/14-15 OPT 2	25	24-Feb-15	1,000	1,000	-	9.10%	24-Feb-22 Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 1	25	23-Mar-15	2,000	-	2,000	9.06%	22-Mar-18 Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 5	25	23-Mar-15	825	825	-	9.05%	25-Apr-18 Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 6	25	23-Mar-15	500	500	-	9.05%	02-Apr-18 Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 7	25	23-Mar-15	5,000	5,000	-	9.05%	03-Apr-18 Redeemable at par on maturity date
NCD - Series A/15-16 OPT 1	25	16-Apr-15	2,500	-	2,500	8.93%	10-Apr-17 Redeemable at par on maturity date

Notes to the Financial Statements for the year ended March 31, 2017

Note 5A

As at 31-3-2017

Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable Term Redemption
NCD - Series A/15-16 OPT 2	25	16-Apr-15	700	700	-	8.96%	20-Apr-18 Redeemable at par on maturity date
NCD - Series A/15-16 OPT 3	25	16-Apr-15	500	-	500	8.95%	28-Mar-18 Redeemable at par on maturity date
NCD - Series A/15-16 OPT 4	25	16-Apr-15	1,000	1,000	-	8.95%	16-Apr-20 Redeemable at par on maturity date
NCD - Series A/15-16 OPT 5	25	16-Apr-15	4,000	4,000	-	8.95%	15-Apr-22 Redeemable at par on maturity date
NCD - Series B/15-16 OPT 1	25	15-May-15	900	-	900	8.81%	02-May-17 Redeemable at par on maturity date
NCD - Series B/15-16 OPT 2	25	15-May-15	875	-	875	8.81%	22-May-17 Redeemable at par on maturity date
NCD - Series B/15-16 OPT 3	25	15-May-15	150	-	150	8.81%	15-May-17 Redeemable at par on maturity date
NCD - Series B/15-16 OPT 4	25	15-May-15	1,700	-	1,700	8.88%	12-May-17 Redeemable at par on maturity date
NCD - Series C/15-16 OPT II	25	26-May-15	1,200	1,200	-	8.91%	25-May-18 Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25	26-May-15	1,000	1,000	-	8.90%	26-May-25 Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25	26-May-15	2,000	2,000	-	8.90%	26-May-25 Redeemable at par on maturity date
NCD - Series D/15-16 OPT I	25	05-Jun-15	1,600	-	1,600	8.80%	01-Jun-17 Redeemable at par on maturity date
NCD - Series D/15-16 OPT II	25	05-Jun-15	1,600	1,600	-	8.90%	05-Jun-18 Redeemable at par on maturity date
NCD - Series D/15-16 OPT III	25	05-Jun-15	1,000	1,000	-	8.88%	24-Dec-18 Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20 Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20 Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25	05-Jun-15	1,500	1,500	-	8.90%	05-Jun-25 Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-25 Redeemable at par on maturity date
NCD - Series G/15-16	25	03-Jul-15	8,000	8,000	-	9.01%	03-Jul-18 Redeemable at par on maturity date
NCD - Series I/15-16 OPT 1	25	17-Jul-15	200	-	200	8.94%	06-Jun-17 Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25	17-Jul-15	2,500	-	2,500	8.95%	17-Jul-17 Redeemable at par on maturity date

Notes to the Financial Statements for the year ended March 31, 2017

Note 5A

As at 31-3-2017

Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable Term Redemption
NCD - Series I/15-16 OPT 2	25	17-Jul-15	2,500	-	2,500	8.95%	17-Jul-17 Redeemable at par on maturity date
NCD - Series I/15-16 OPT 3	25	17-Jul-15	2,500	-	2,500	8.95%	17-Aug-17 Redeemable at par on maturity date
NCD - Series I/15-16 OPT 4	25	17-Jul-15	1,000	1,000	-	8.95%	17-Jul-25 Redeemable at par on maturity date
NCD - Series K/15-16 OPT 1	25	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18 Redeemable at par on maturity date
NCD - Series K/15-16 OPT 2	25	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18 Redeemable at par on maturity date
NCD - Series K/15-16 OPT 3	25	28-Jul-15	300	300	-	8.90%	28-Jul-22 Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	200	200	-	8.65%	20-Oct-22 Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	600	600	-	8.65%	20-Oct-22 Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	450	450	-	8.65%	20-Oct-22 Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	2,000	2,000	-	8.65%	20-Oct-22 Redeemable at par on maturity date
NCD - Series O/15-16 OPT 1	25	20-Oct-15	375	375	-	8.65%	19-Oct-18 Redeemable at par on maturity date
NCD - Series P/15-16 OPT 2	25	26-Oct-15	2,500	2,500	-	8.65%	26-Oct-20 Redeemable at par on maturity date
NCD - Series Q/15-16 OPT 1	25	19-Nov-15	6,000	6,000	-	8.56%	18-May-18 Redeemable at par on 19.05.2017-if call option exercised & on 18.05.2018-if call option not exercised
NCD - Series R/15-16	25	27-Nov-15	1,000	1,000	-	8.60%	27-Nov-20 Redeemable at par on maturity date
NCD - Series S/15-16 Opt 1	25	25-Feb-16	2,000	2,000	-	8.86%	25-Feb-21 Redeemable at par on maturity date
NCD - Series T/15-16	25	29-Mar-16	15,500	15,500	-	8.90%	29-Apr-19 Redeemable at par on maturity date
NCD - Series A/16-17	25	18-Apr-16	2,000	2,000	-	8.75%	16/04/2021 Redeemable at par on maturity date
NCD - Series B/16-17 Opt 1	25	20-Apr-16	1,000	1,000	-	8.70%	19/04/2019 Redeemable at par on maturity date
NCD - Series B/16-17 Opt 3	25	20-Apr-16	500	500	-	8.65%	20/04/2026 Redeemable at par on maturity date
NCD - Series C/16-17 Opt 1	25	05-May-16	500	500	-	8.70%	03/05/2019 Redeemable at par on maturity date

Notes to the Financial Statements for the year ended March 31, 2017

Note 5A

As at 31-3-2017

Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable Term Redemption
NCD - Series C/16-17 Opt 2	25	05-May-16	1,000	1,000	-	8.70%	05/05/2021 Redeemable at par on maturity date
NCD - Series D/16-17 Opt 1	25	10-May-16	5,000	5,000	-	8.80%	10/05/2018 Redeemable at par on 11.05.2017-if call option exercised & on 10.05.2018-if call option not exercised
NCD - Series D/16-17 Opt 2	25	10-May-16	3,000	3,000	-	8.70%	10/05/2019 Redeemable at par on maturity date
NCD - Series F/16-17 Opt 1	25	14-Jun-16	3,500	3,500	-	8.75%	14/06/2019 Redeemable at par on maturity date
NCD - Series F/16-17 Opt 2	25	14-Jun-16	450	450	-	8.75%	25/06/2019 Redeemable at par on maturity date
NCD - Series F/16-17 Opt 3	25	14-Jun-16	2,500	2,500	-	8.75%	14/06/2021 Redeemable at par on maturity date
NCD - Series G/16-17 Opt 1	25	01-Jul-16	1,000	1,000	-	8.75%	30/06/2023 Redeemable at par on maturity date
NCD - Series G/16-17 Opt 2	25	01-Jul-16	250	250	-	8.74%	22/07/2019 Redeemable at par on maturity date
NCD - Series H/16-17 Opt 1	25	22-Jul-16	3,000	3,000	-	8.70%	22/07/2019 Redeemable at par on maturity date
NCD - Series H/16-17 Opt 2	25	22-Jul-16	1,600	1,600	-	8.70%	21/07/2023 Redeemable at par on maturity date
NCD - Series H/16-17 Opt 3	25	22-Jul-16	500	500	-	8.70%	22/07/2021 Redeemable at par on maturity date
NCD - Series I/16-17	25	26-Jul-16	6,000	6,000	-	8.71%	26/07/2021 Redeemable at par on maturity date
NCD - Series J/16-17	25	28-Jul-16	25,000	25,000	-	8.70%	28/07/2021 Redeemable at par on maturity date
NCD - Series K/16-17	25	02-Aug-16	16,800	16,800	-	8.70%	02/08/2021 Redeemable at par on maturity date
NCD - Series L/16-17 Opt 1	25	12-Aug-16	250	250	-	8.40%	05/08/2019 Redeemable at par on maturity date
NCD - Series L/16-17 Opt 2	25	12-Aug-16	25,000	25,000	-	8.40%	12/08/2019 Redeemable at par on maturity date
NCD - Series M/16-17	25	09-Sep-16	12,500	12,500	-	8.34%	09/09/2021 Redeemable at par on maturity date
NCD - Series N/16-17 Opt 2	25	22-Sep-16	2,000	2,000	-	8.25%	22/09/2021 Redeemable at par on maturity date
NCD - Series O/16-17	25	23-Sep-16	20,000	20,000	-	7.98%	23/10/2018 Redeemable at par on 23.10.2017-if call option exercised & on 23.10.2018-if call option not exercised

Notes to the Financial Statements for the year ended March 31, 2017

Note 5A

As at 31-3-2017

Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable Term Redemption
NCD - Series P/16-17	25	27-Sep-16	10,000	10,000	-	8.00%	03/10/2018 Redeemable at par on 03.10.2017-if call option exercised & on 03.10.2018-if call option not exercised
NCD - Series Q/16-17	25	29-Sep-16	10,000	10,000	-	8.10%	27/09/2019 Redeemable at par on maturity date
NCD - Series R/16-17	25	07-Oct-16	10,000	10,000	-	7.85%	07/10/2019 Redeemable at par on maturity date
NCD - Series S/16-17	25	25-Oct-16	1,000	1,000	-	7.90%	23/10/2026 Redeemable at par on maturity date
NCD - Series T/16-17	25	17-Feb-17	9,000	9,000	-	8.05%	17-Feb-20 Redeemable at par on maturity date
NCD - Series U/16-17 Opt 1	25	22-Feb-17	2,500	2,500	-	8.05%	24-Feb-20 Redeemable at par on maturity date
NCD - Series U/16-17 Opt 2	25	22-Feb-17	1,000	1,000	-	8.05%	22-Feb-22 Redeemable at par on maturity date
NCD - Series V/16-17	25	29-Mar-17	10,000	10,000	-	7.95%	28-Feb-20 Redeemable at par on maturity date
Total			341,225	312,000	29,225		

All redeemable non-convertible debentures are secured by

1. Exclusive first charge on specific receivables of the Company and
2. On a pari passu basis by a first ranking charge by way of legal mortgage on the premises situated at Egmore, Chennai in the state of Tamil Nadu

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

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % P.a.	date of redemption
NCD-Tier II Series O/14-15	10.00	29-Jan-15	10,000.00	10,000.00		9.35%	29-Jan-25
NCD-Tier II Series H/15-16	10.00	14-Jul-15	1,400.00	1,400.00		9.32%	14-Jul-25
NCD-Tier II Series J/15-16	10.00	24-Jul-15	5,000.00	5,000.00		9.30%	24-Jul-25
			16,400.00	16,400.00		-	

4.(II).(ii) Perpetual debt

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	date of redemption
NCD-PD Series U/15-16	10.00	30-Mar-16	5,000.00	5,000.00	-	9.90%	30-Mar-26
NCD-PD Series E/16-17	10.00	03-Jun-16	1,500.00	1,500.00	-	9.60%	03-Jun-26
			6,500.00	6,500.00	-		
Total			22,900.00	22,900.00		-	

All redeemable non-convertible debentures are secured by

1. Exclusive first charge on specific receivables of the Company and
2. On a pari passu basis by a first ranking charge by way of legal mortgage on the premises situated at Egmore, Chennai in the state of Tamil Nadu

Notes to the Financial Statements for the year ended March 31, 2017

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private Placement :

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount(₹)	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redeemable term redemption
NCD - Series A/14-15 Opt 1	25.00	28-May-14	7,500	-	7,500	9.89%	28-May-16 Redeemable at par on maturity date
NCD - Series A/14-15 Opt 2	25.00	28-May-14	450	450	-	9.75%	15-May-17 Redeemable at par on maturity date
NCD - Series B/14-15	25.00	30-May-14	1,000	-	1,000	9.68%	06-Apr-16 Redeemable at par on maturity date
NCD - Series E/14-15 OPT I	25.00	03-Jul-14	750	750	-	9.71%	03-Jul-17 Redeemable at par on maturity date
NCD - Series E/14-15 OPT II	25.00	03-Jul-14	1,000	1,000	-	9.79%	28-Jun-19 Redeemable at par on maturity date
NCD - Series F/14-15	25.00	28-Aug-14	6,000	6,000	-	9.75%	28-Aug-19 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 1	25.00	05-Sep-14	3,100	-	3,100	9.71%	30-Aug-16 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 2	25.00	05-Sep-14	500	-	500	9.70%	05-Sep-16 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 3	25.00	05-Sep-14	1,800	-	1,800	9.71%	13-Sep-16 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 4	25.00	05-Sep-14	500	-	500	9.70%	19-Sep-16 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 5	25.00	05-Sep-14	1,300	-	1,300	9.70%	28-Sep-16 Redeemable at par on maturity date
NCD - Series G/14-15 OPT 6	25.00	05-Sep-14	300	300	-	9.71%	31-Aug-17 Redeemable at par on maturity date
NCD - Series H/14-15 OPT 1	25.00	19-Sep-14	5,000	5,000	-	9.80%	17-Sep-21 Redeemable at par on maturity date
NCD - Series J/14-15 OPT I	25.00	07-Nov-14	600	-	600	9.54%	31-Oct-16 Redeemable at par on maturity date
NCD - Series J/14-15 OPT II	25.00	07-Nov-14	1,500	1,500	-	9.45%	07-Nov-19 Redeemable at par on maturity date
NCD - Series J/14-15 OPT III	25.00	07-Nov-14	1,000	1,000	-	9.45%	06-Nov-21 Redeemable at par on maturity date
NCD - Series K/14-15 OPT 1	25.00	28-Nov-14	2,400	2,400	-	9.01%	04-Dec-17 Redeemable at par on maturity date
NCD - Series K/14-15 OPT 2	25.00	28-Nov-14	400	-	400	9.01%	24-Nov-16 Redeemable at par on maturity date
NCD - Series L/14-15 OPT 1	25.00	15-Dec-14	1,000	1,000	-	9.15%	13-Dec-19 Redeemable at par on maturity date
NCD - Series L/14-15-OPT 2	25.00	15-Dec-14	2,000	2,000	-	9.15%	15-Dec-21 Redeemable at par on maturity date
NCD - Series M/14-15	25.00	07-Jan-15	4,400	4,400	-	9.07%	15-Jan-18 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 1	25.00	16-Jan-15	3,000	3,000	-	9.11%	16-Jan-18 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 2	25.00	16-Jan-15	30,000	30,000	-	9.20%	16-Jan-20 Redeemable at par on maturity date
NCD - Series N/14-15 OPT 3	25.00	16-Jan-15	7,000	7,000	-	9.20%	14-Jan-22 Redeemable at par on maturity date
NCD - Series P/14-15 OPT 1	25.00	24-Feb-15	2,000	2,000	-	9.10%	24-Feb-20 Redeemable at par on maturity date

Notes to the Financial Statements for the year ended March 31, 2017

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private 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
NCD - Series P/14-15 OPT 2	25.00	24-Feb-15	1,000	1,000	-	9.10%	24-Feb-22	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 1	25.00	23-Mar-15	2,000	2,000	-	9.06%	22-Mar-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 2	25.00	23-Mar-15	525	-	525	9.05%	06-Mar-17	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 3	25.00	23-Mar-15	125	-	125	9.02%	19-Dec-16	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 4	25.00	23-Mar-15	175	-	175	9.04%	06-Feb-17	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 5	25.00	23-Mar-15	825	825	-	9.05%	25-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 6	25.00	23-Mar-15	500	500	-	9.05%	02-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 7	25.00	23-Mar-15	5,000	5,000	-	9.05%	03-Apr-18	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 1	25.00	24-Jun-15	5,000	5,000	-	9.10%	25-Jul-17	Redeemable at par on 25.07.2016-if call option exercised & on 25.07.2017-if call option not exercised
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	500	500	-	9.11%	25-Sep-17	Redeemable at par on 23.09.2016-if call option exercised & on 25.09.2017-if call option not exercised
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	2,000	2,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	5,000	5,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	2,500	2,500	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	10,000	10,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series F/15-16	25.00	29-Jun-15	30,000	30,000	-	9.11%	20-Sep-17	Redeemable at par on 20.09.2016-if call option exercised & on 20.09.2017-if call option not exercised
NCD - Series A/15-16 OPT 1	25.00	16-Apr-15	2,500	2,500	-	8.93%	10-Apr-17	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 2	25.00	16-Apr-15	700	700	-	8.96%	20-Apr-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 3	25.00	16-Apr-15	500	500	-	8.95%	28-Mar-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 4	25.00	16-Apr-15	1,000	1,000	-	8.95%	16-Apr-20	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 5	25.00	16-Apr-15	4,000	4,000	-	8.95%	15-Apr-22	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 1	25.00	15-May-15	900	900	-	8.81%	02-May-17	Redeemable at par on maturity date

Notes to the Financial Statements for the year ended March 31, 2017

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private 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
NCD - Series B/15-16 OPT 2	25.00	15-May-15	875	875	-	8.81%	22-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 3	25.00	15-May-15	150	150	-	8.81%	15-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 4	25.00	15-May-15	1,700	1,700	-	8.88%	12-May-17	Redeemable at par on maturity date
NCD - Series C/15-16 OPT II	25.00	26-May-15	1,200	1,200	-	8.91%	25-May-18	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25.00	26-May-15	1,000	1,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25.00	26-May-15	2,000	2,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series C/15-16 OPT VI	25.00	26-May-15	2,500	2,500	-	8.80%	23-Jun-17	Redeemable at par on maturity date
NCD - Series D/15-16 OPT I	25.00	05-Jun-15	1,600	1,600	-	8.80%	01-Jun-17	Redeemable at par on maturity date
NCD - Series D/15-16 OPT II	25.00	05-Jun-15	1,600	1,600	-	8.90%	05-Jun-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT III	25.00	05-Jun-15	1,000	1,000	-	8.88%	24-Dec-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25.00	05-Jun-15	1,500	1,500	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series G/15-16	25.00	03-Jul-15	8,000	8,000	-	9.01%	03-Jul-18	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 1	25.00	17-Jul-15	200	200	-	8.94%	06-Jun-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Jul-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Jul-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 3	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Aug-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 4	25.00	17-Jul-15	1,000	1,000	-	8.95%	17-Jul-25	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 1	25.00	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 2	25.00	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 3	25.00	28-Jul-15	300	300	-	8.90%	28-Jul-22	Redeemable at par on maturity date
NCD - Series L/15-16	25.00	14-Sep-15	3,000	3,000	-	8.96%	26-Sep-17	Redeemable at par on 26.09.2016-if call option exercised & on 26.09.2017-if call option not exercised

Notes to the Financial Statements for the year ended March 31, 2017

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private 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
NCD - Series M/15-16	25.00	23-Sep-15	5,000	5,000	-	8.97%	23-Oct-17	Redeemable at par on 21.10.2016-if call option exercised & on 23.10.2017-if call option not exercised
NCD - Series N/15-16	25.00	28-Sep-15	10,000	10,000	-	8.90%	18-Oct-17	Redeemable at par on 18.10.2016-if call option exercised & on 18.10.2017-if call option not exercised
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	200	200	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	600	600	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	450	450	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	2,000	2,000	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 1	25.00	20-Oct-15	375	375	-	8.65%	19-Oct-18	Redeemable at par on maturity date
NCD - Series P/15-16 OPT 2	25.00	26-Oct-15	2,500	2,500	-	8.65%	26-Oct-20	Redeemable at par on maturity date
NCD - Series Q/15-16 OPT 1	25.00	19-Nov-15	6,000	6,000	-	8.56%	18-May-18	Redeemable at par on 19.05.2017-if call option exercised & on 18.05.2018-if call option not exercised
NCD - Series R/15-16	25.00	27-Nov-15	1,000	1,000	-	8.60%	27-Nov-20	Redeemable at par on maturity date
NCD - Series S/15-16 Opt 1	25.00	25-Feb-16	2,000	2,000	-	8.86%	25-Feb-21	Redeemable at par on maturity date
NCD - Series T/15-16	25.00	29-Mar-16	15,500	15,500	-	8.90%	29-Apr-19	Redeemable at par on maturity date
			247,400	229,875	17,525			

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

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % P.a.	date of redemption
NCD-Tier II Series O/14-15	10.00	29-Jan-15	10,000.00	10,000.00	-	9.35%	29-Jan-25
NCD-Tier II Series H/15-16	10.00	14-Jul-15	1,400.00	1,400.00	-	9.32%	14-Jul-25
NCD-Tier II Series J/15-16	10.00	24-Jul-15	5,000.00	5,000.00	-	9.30%	24-Jul-25
			16,400.00	16,400.00	-		

4.(II).(ii) Perpetual debt

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	date of redemption
NCD-PD Series U/15-16	10.00	30-Mar-16	5,000.00	5,000.00	-	9.90%	30-Mar-26
Total			21,400.00	21,400.00	-		

Notes to the Financial Statements for the year ended March 31, 2017

Refer note 5 long-term borrowings

Terms of repayment of Term Loans from banks as on March 31, 2017

(₹ in lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Above 3 years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Quarterly repayment schedule										
1-3 Yrs	8.01%-9.00%	-		4	12,000.00	8	24,000.00			36,000.00
		-			12,000.00		24,000.00			- 36,000.00
Half Yearly repayment schedule										
1-3 Yrs	8.01%-9.00%	-		1	7,166.67	2	14,333.33			21,500.00
		-			7,166.67		14,333.33			- 21,500.00
Annual repayment schedule										
1-3 Yrs	8.01%-9.00%	1	250.00	1	250.00	1	250.00	-	-	750.00
3-5 years	8.01%-9.00%	-	-	-	-	-	-	4	2,500.00	2,500.00
3-5 years	9.01%-10.00%	1	1,250.00	1	1,250.00	1	1,250.00	1	1,250.00	5,000.00
Above 5 years	8.01%-9.00%	2	1,450.00	2	1,450.00	2	1,450.00	10	5,000.00	9,350.00
Above 5 years	9.01%-10.00%			1	1,250.00	1	1,250.00	6	7,500.00	10,000.00
			2,950.00		4,200.00		4,200.00		16,250.00	27,600.00
Bullet repayment schedule										
1-3 Yrs	8.01%-9.00%	-	-	10	256,427.00	-	-	-	-	256,427.00
1-3 Yrs	9.01%-10.00%	-	-	1	625.00	-	-	-	-	625.00
3-5 years	8.01%-9.00%	-	-	-	-	-	-	1	2,500.00	2,500.00
3-5 years	9.01%-10.00%	-	-	1	5,000.00	1	625.00	1	625.00	6,250.00
Above 5 years	9.01%-10.00%	3	2,500.00	5	4,375.00	5	4,375.00	8	6,875.00	18,125.00
			2,500.00		266,427.00		5,000.00		10,000.00	283,927.00
Total			5450		289,793.67		47,533.33		26,250.00	369,027.00

Refer note 5 long-term borrowings

Terms of repayment of Term Loans from banks as on March 31, 2016

(₹ in lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Above 3 years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Quarterly repayment schedule										
1-3 Yrs	9%-10%			1	666.67	2	1,333.33			2,000.00
3-5 years	9%-10%	5	2,667.00	4	2,000.00	1	125.00			4,792.00
Above 5 years	9%-10%	4	500.00	4	500.00	2	250.00			1,250.00
			3,167.00		3,166.67		1,708.33			8,042.00
Half Yearly repayment schedule										
1-3 Yrs	9%-10%	5	8,750.00	9	15,416.67	2	5,833.00			29,999.67
Above 5 years	9%-10%	2	1,111.11	6	7,277.78	4	7,000.00	1	2,500.00	17,888.89
			9,861.11		22,694.44		12,833.00		2,500.00	47,888.56
Annual repayment schedule										
1-3 Yrs	9%-10%	1	250.00	1	250.00	1	625.00			1,125.00
3-5 years	9%-10%			1	4,000.00	4	4,250.00	13	14,834.00	23,084.00
Above 5 years	9%-10%	3	3,117.00	7	5,617.00	8	7,492.00	37	30,865.00	47,091.00
			3,367.00		9,867.00		12,367.00		45,699.00	71,300.00
Bullet repayment schedule										
1-3 Yrs	9%-10%	4	30,000.00	16	190,500.00					220,500.00
3-5 years	9%-10%							1	2,500.00	2,500.00
			30,000.00		190,500.00				2,500.00	223,000.00
Total			46,395.11		226,228.11		26,908.33		50,699.00	350,230.56

Notes to the Financial Statements for the year ended March 31, 2017

6. Other long-term liabilities

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Others	-	58.09
Installments received in advance	65.94	85.29
Interest accrued but not due on non-convertible debentures	3,681.80	7,806.13
	3,747.74	7,949.51

7. Provisions

(₹ in lakh)

	Long-term		Short-term	
	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
Provision for Taxation (Net of Advance tax ₹ 4,970 lakh (previous year ₹ 2,366 lakh))	-	-	855.61	657.17
Provision for employee benefits				
Gratuity	-	101.81	-	-
Compensated absences	-	-	184.68	219.25
	-	101.81	1,040.29	876.42
Others				
For contingent provisions against standard assets	3,431.25	2,820.62	228.41	174.41
	3,431.25	2,820.62	228.41	174.41
	3,431.25	2,922.43	1,268.70	1,050.83

8. Short-term borrowings

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
A. Secured*		
Overdraft facility from bank	1,444.47	922.17
	(A) 1,444.47	922.17
C. Unsecured		
Term loans from Banks	-	8,000.00
Cash Credit from Banks	5,000.00	
	(C) 5,000.00	8,000.00

Notes to the Financial Statements for the year ended March 31, 2017

8. Short-term borrowings (Contd.)

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
D. Unsecured		
Commercial Papers	-	1,900.00
Less: Unexpired discounting charges	-	(130.69)
Overdraft facility from bank	5,179.37	5,000.00
(D)	5,179.37	6,769.31
* Term loans and overdrafts facilities from banks are secured by hypothecation of specific loan receivables.		
Total (A+B+C)	11,623.84	15,691.48

9. Trade Payables

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Micro, Small and Medium Enterprises (Refer Footnote)	-	-
Sundry Creditors for Expenses	875.72	465.08
	875.72	465.08

Footnote: Dues to micro enterprise and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by Management. This has been relied upon by the auditors.

10. Other current liabilities

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Provision for Expenses	1,593.87	1,722.71
Book overdraft	24,896.06	38,006.03
Interest accrued but not due on borrowings	17,709.39	8,526.75
Statutory Dues payable	95.93	179.83
Debt service reserve account (Construction finance)	46.19	72.37
Installments received in advance	896.52	692.34
Stale cheques	873.39	1,423.86
Other liabilities	885.72	970.01
	46,997.07	51,593.90

Notes to the Financial Statements for the year ended March 31, 2017

11. Fixed assets (at cost less depreciation) (₹ in lakh)

Tangible assets	Gross Block			Depreciation & Amortization			Net Book Value	
	As at April 01, 2016	Additions during the period	Disposals during the Period	As at March 31, 2017	For the year	Disposals during the Period	As at March 31, 2017	As at March 31, 2017
Tangible								
Freehold Land	2.89	-	-	2.89	-	-	-	2.89
	(2.89)			(2.89)				(2.89)
Building	13.44	-	-	13.44	-	-	13.44	-
	(13.44)			(13.44)			(13.44)	-
Office equipments	47.36	8.01	7.86	47.51	6.68	7.68	26.83	20.68
	(30.91)	(16.94)	(0.49)	(47.36)	(4.75)	(0.49)	(27.83)	(19.53)
Furniture and Fittings	154.93	9.73	80.29	84.37	6.79	78.30	39.35	45.02
	(148.02)	(13.62)	(6.71)	(154.93)	(6.79)	(6.71)	(110.86)	(44.07)
Leasehold Improvements	54.73	64.52	-	119.25	28.56	-	40.81	78.44
	-	(54.73)	-	(54.73)	(12.25)	-	(12.25)	(42.48)
Computers	569.82	14.52	-	584.34	83.07	-	494.62	89.72
	(477.56)	(92.26)	-	(569.82)	(71.04)	-	(411.55)	(158.27)
Total Tangible Assets (A)	843.17	96.78	88.15	851.80	125.10	85.98	615.05	236.75
	(672.82)	(177.55)	(7.20)	(843.17)	(94.83)	(7.20)	(575.93)	(267.24)
Intangible								
Computer software	694.44	34.11	-	728.55	78.05	-	683.03	45.52
	(658.59)	(35.85)	-	(694.44)	(134.00)	-	(604.98)	(89.46)
Total Intangible assets (B)	694.44	34.11	-	728.55	78.05	-	683.03	45.52
	(658.59)	(35.85)	-	(694.44)	(134.00)	-	(604.98)	(89.46)

Note: Previous years figures are shown in brackets.

Notes to the Financial Statements for the year ended March 31, 2017

12. Investments

(₹ in lakh)

	Face Value ₹	Non-current		Current	
		As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
Non-trade investment (valued at cost unless stated otherwise)					
Investment in subsidiary (Unquoted equity instruments)					
Consumer Financial Services Limited - 1,000,000 Equity shares of ₹ 10 each fully paid	10	-	100.00	-	-
Less: Provision for diminution in the value of investment		-	(70.00)	-	-
		-	30.00	-	-
Others (Unquoted)					
The Kalyan Janatha Sahakari Bank Limited - 20,000 Equity shares of ₹ 25 each fully paid	10	5.00	5.00	-	-
The Malad Sahakari Bank Limited - 100 Equity shares of ₹ 10 each fully paid	10	0.01	0.01	-	-
		5.01	5.01	-	-
	(A)	5.01	35.01	-	-
Government of India securities (Quoted)					
14,000 units of 7.50% Government of India Stock 2034	100			14.17	14.17
40,000 units of 6.13% Government of India Stock 2028	100			38.22	38.22
Less: Provision for diminution in the value of investments				(1.98)	(4.27)
	(B)	-	-	50.41	48.12
Investment in Mutual Fund (Unquoted)					
Mutual Funds		-	-	35,000.00	63,800.00
	(C)	-	-	35,000.00	63,800.00
Investment in Debentures (Unquoted)					
Indian Overseas Bank	1000000	8,494.23			
	(D)	8,494.23	-	-	-
	Total (A+B+C+D)	8,499.24	35.01	35,050.41	63,848.12
Aggregate amount of quoted investments		-	-	50.41	48.12
Aggregate amount of unquoted investments		5.01	35.01	35,000.00	63,800.00
Aggregate amount of listed but not quoted investments		8,494.23	-	-	-

Notes to the Financial Statements for the year ended March 31, 2017

13. Loans and advances

(₹ in lakh)

	Non-current		Current	
	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
A. Loans and advances towards financing activities (Secured)				
Considered good				
Housing Loans - Individuals	394,775.70	370,430.27	14,098.62	12,381.32
Construction Finance	68,525.10	52,932.95	2,572.62	4,653.66
Debentures	-	3,400.00	3,000.00	-
Loan Against Property	303,232.96	212,319.74	19,508.08	13,881.01
Other Loans	18,938.71	10,252.37	1,163.07	719.59
	785,472.47	649,335.33	40,342.39	31,635.58
Considered doubtful				
Housing Loans - Individuals	3,729.07	2,313.99	-	-
Loan Against Property	3,781.10	2,586.75	-	-
Others	241.64	10.08	-	-
	7,751.81	4,910.82	-	-
(I)	793,224.28	654,246.15	40,342.39	31,635.58
Less: Provision for doubtful assets				
Housing Loans (Individuals)	1,696.87	1,065.70	-	-
Loan Against Property and other loans	2,221.85	910.30	-	-
(II)	3,918.72	1,976.00	-	-
Less: Provision for contingencies	(III)	1,156.12	-	-
A (I-II-III)	788,149.44	652,270.15	40,342.39	31,635.58
B. Advances recoverable in cash or kind				
Unsecured, considered good	46.74	128.50	0.90	2.70
	46.74	128.50	0.90	2.70
C. Others				
Unsecured, considered good				
Advance to third parties	-	-	45.64	139.62
Gratuity Deposit	-	-	25.11	-
Prepaid expenses	2.82	-	90.83	111.53
	2.82	-	161.58	251.15
Other Loans and Advances (B+C)	49.56	128.50	162.48	253.85
Total Loans and Advances (A+B+C)	788,199.00	652,398.65	40,504.87	31,889.43

Notes to the Financial Statements for the year ended March 31, 2017

14. Deferred tax asset (net) (₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Deferred tax assets		
Provisions for performing / non-performing assets	3,022.83	1,720.37
Other non-deductible expenses for tax purposes	218.35	262.21
Provisions for interest on stress cases	150.75	-
Deferred tax asset	3,391.93	1,982.58
Deferred tax liabilities		
Accelerated depreciation for tax purposes	16.73	(3.35)
Deduction of Section 36(1)(viiia)	(432.65)	
Amount transferred to Special Reserve	(2,101.57)	(1,353.26)
Deferred tax liabilities	(2,517.49)	(1,356.61)
Deferred tax asset (Net)	874.44	625.97

15. Other assets (₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Interest accrued but not due on portfolio loans (Secured, considered good)	5,934.77	4,661.93
Interest accrued and due on portfolio loans (Secured, considered good)	2,163.40	1,143.80
Interest accrued but not due on investment	131.46	0.94
Others	26.69	6.51
	8,256.32	5,813.18
Less: Provision on interest accrued but not due on stress cases	(81.42)	-
Less: Provision on interest accrued and due on stress cases	(354.18)	-
Total other current assets	7,820.72	5,813.18

16. Cash and cash equivalents (₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Cash and cash equivalents		
Balances with banks:		
On current accounts	113.17	1,718.71
Cash on hand	142.74	217.88
Cheques on hand	-	1,192.03
	255.91	3,128.62
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	11.00	-
	11.00	-
Total Cash and Cash Equivalents	266.91	3,128.62

Notes to the Financial Statements for the year ended March 31, 2017

17. Revenue from operations

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Interest income		
Interest on housing and other loans	85,678.89	58,636.77
Less: Provision made / (reversal) for interest receivable	(435.60)	-
	85,243.29	58,636.77
Other operating revenue		
Fees and other charges	8,088.84	4,577.76
Recovery against loans written off	198.78	337.86
Others	1,311.43	2,232.59
	94,842.34	65,784.98

18. Other income

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Income from fixed deposits with bank	0.73	-
Income from investments	266.27	3.51
Interest on inter corporate deposits	88.85	-
Dividend income on long term investment	-	43.37
Profit on sale of current investments	180.35	27.91
Profit on sale of fixed assets	8.73	0.61
Miscellaneous income	1.95	15.32
	546.88	90.72

19. Employee benefit expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Salaries and bonus	4,317.82	4,500.02
Contribution to provident fund	155.30	162.26
Contribution to ESIC	12.52	18.10
Gratuity	22.03	47.37
Compensated absences	59.03	110.96
Staff welfare expenses	148.40	161.26
	4,715.10	4,999.97

Notes to the Financial Statements for the year ended March 31, 2017

20. Finance costs

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Interest expenses	58,088.73	40,645.03
Other borrowing costs	326.63	234.42
	58,415.36	40,879.45

21. Other expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Travelling and conveyance	204.46	293.99
Printing and stationery	46.50	65.46
Telephone expenses	40.03	38.72
Postage and courier expenses	25.53	37.79
Advertisement and business promotion	67.05	1,038.95
Repairs and maintenance - others	83.45	70.33
Rent, rates and taxes	726.00	404.32
Electricity charges	14.93	30.26
Insurance charges	3.90	2.64
Payment to Auditors' (refer details below)	38.75	22.42
Professional and legal fees	591.20	732.83
Non Executive Directors commission	30.75	37.51
Loan sourcing cost	2,230.14	2,774.59
Application processing expenses	778.15	1,023.00
Computer maintenance	204.03	205.43
Collection expenses	423.40	369.98
Record storage expenses	111.95	98.63
Corporate support charges	160.65	804.83
Corporate social responsibility	105.02	60.67
Brand License fees	767.60	191.90
Miscellaneous expenses	138.43	241.83
Directors' Sitting fees	11.97	6.84
	6,803.89	8,552.92

Notes to the Financial Statements for the year ended March 31, 2017

21. Other expenses (Contd.)

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
As auditor:		
Audit fees	12.00	5.50
Tax audit fees	2.00	1.50
Limited review	7.50	4.00
In other capacity:		
Certification and other services	11.75	7.68
Reimbursement of expenses	2.78	2.39
Service Tax on above	2.72	1.34
	38.75	22.42

22. Depreciation and amortization expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Depreciation of fixed assets	203.15	228.83
	203.15	228.83

23. Provisions and write-offs

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Contingent provision against standard assets	1,820.75	1,156.71
Provision for non-performing assets	1,942.72	968.41
Bad debts written off - housing and other loans	469.78	160.65
Provision for diminution in value of investments	(2.29)	(0.05)
	4,230.96	2,285.72

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Net profit for calculation of basic EPS	13,641.15	5,803.99
Net profit for calculation of diluted EPS	13,641.15	5,803.99
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	122,914,535	99,962,695
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	122,914,535	99,962,695

Notes to the Financial Statements for the year ended March 31, 2017

25.1 Contingent liabilities and commitments

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Contingent liability		
Matter related to legal dispute (Refer Footnote)	3.09	0.63
Commitments		
Capital Commitments	32.95	75.23
Undisbursed commitments	33,271.14	42,990.52

Footnote: The company is hopeful of succeeding in appeal and doesn't expect any significant liability to materialise.

25.2 Employee Benefit Plans

1. Defined-Contribution Plans

The Company recognised charges of ₹ 155.30 lakh (previous year ₹ 162.26 lakh) for provident fund contribution in the Statement of Profit and Loss.

2. Defined-Benefit Plans

The Company offers the following employee benefit schemes to its employees:

- Gratuity expense which included in Employee benefit expenses in Note 19.

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements as at March 31, 2017:

Net Liability / (Asset) Recognised in the Balance sheet

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Closing Present Value of obligations	100.74	143.68
Less: Closing Fair Value of plan assets	125.85	41.87
Liability / (Asset) Recognised in the Balance Sheet	(25.11)	101.81

Expenses recognized in the Statement of Profit and Loss

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Current Service Cost	55.25	35.09
Past Service Cost	-	-
Interest Cost	14.18	11.31
Expected Return on Plan Assets	(3.61)	(4.74)
Actuarial Losses / (Gain)	(43.76)	5.70
Losses / (Gains) on "Curtailements and Settlements"	-	-
Total Expenses to be recognized in the Profit and Loss Account	22.06	47.37

Notes to the Financial Statements for the year ended March 31, 2017

Change in in the present value of the defined benefit obligation are as follows: (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Opening Present Value of Obligation	143.68	110.06
Current Service Cost	55.25	35.09
Interest on Defined Benefit Obligation	14.18	11.31
Benefits Paid	(73.34)	(18.41)
Net Actuarial Losses / (Gains) Recognized in Year	(40.97)	4.75
Past Service Cost	-	-
Liabilities Assumed on Acquisition/(Settled on Divestiture)	1.95	0.88
Closing Present Value of Obligations	100.74	143.68

Changes in the fair value of plan assets are as follows: (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Opening Fair Value of Plan Assets	41.87	56.24
Expected Return on Plan Assets	3.61	4.74
Actuarial Gains / (Losses)	2.78	(0.96)
Contributions by Employer	150.93	0.25
Benefits Paid	(73.34)	(18.41)
Closing Fair Value of Plan Assets	125.85	41.87

Major categories of Plan Assets as a percentage of total Plan Assets:

Particulars	31-Mar-17	31-Mar-16
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Equity Shares of Listed Companies	0%	0%
Property	0%	0%
Insurer Managed Funds	100%	100%

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	31-Mar-17	31-Mar-16
Discount Rate (per annum)	7.20%	8.00%
Expected Rate of Return on Plan Assets (per annum)	8.00%	8.00%
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult table	Indian Assured Lives Mortality (2006-08)Ult table

Notes to the Financial Statements for the year ended March 31, 2017

The contributions expected to be made by the Company during the financial year 2017-18 amounts to ₹ 50 lakh (previous year ₹ 50 lakh).

Experience Adjustment

(₹ in Lakh)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined benefit obligation	100.74	143.68	110.06	65.44	54.82
Plan Assets	125.85	41.87	56.24	53.40	60.54
Surplus / (Deficit)	25.11	(101.81)	(53.82)	(12.04)	5.73
Experience adjustments on plan liabilities	(50.80)	6.14	(3.49)	7.63	(10.09)
Experience adjustments on plan assets	2.78	(0.96)	(0.29)	0.61	0.19

Compensated Absences

Assumptions at the Valuation Date

Description	31-Mar-17	31-Mar-16
Discount Rate	7.20%	8.00%
Salary Escalation Rate	7.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

25.3 Related Party Disclosures:

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

(a) List of related parties:

A. Ultimate Holding Company

- 1) Larsen & Toubro Limited

B. Holding Company

- 2) L&T Finance Holding Ltd

C. Fellow Subsidiaries

- 3) L&T Finance Limited (formerly Family Credit Limited) *
- 4) L&T Access Financial Advisory Services Private Limited
- 5) L&T Capital Markets Limited
- 6) L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)
- 7) Larsen & Toubro Infotech Limited
- 8) L&T Infrastructure Finance Company Limited
- 9) L&T Investment Management Limited

* L&T Finance Limited and L&T Fincorp Limited merged with Family Credit Limited w.e.f 13.02.2017

D. Key Management Personnel

- 10) Vasudevan Ramaswami (upto April 5, 2016)
- 11) Girijakanta Mishra (w.e.f. April 6, 2016 to January 20, 2017)
- 12) Srikant JR (w.e.f. January 20, 2017)

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

Notes to the Financial Statements for the year ended March 31, 2017

(b) Disclosure of related party transactions:		(₹ in lakh)	
S. No.	Nature of transactions	March 31, 2017	March 31, 2016
1	Equity Capital infused by (including share premium)		
	L&T Finance Holdings Limited	7,500.00	19,988.46
2	Inter corporate deposits borrowed		
	L&T Finance Holdings Limited	184,325.00	229,095.00
	L&T Finance Limited	-	39,275.00
	L&T Infrastructure Finance Company Limited	3,100.00	-
	L&T Finance Limited (formerly Family Credit Limited)	33,800.00	19,900.00
3	Inter corporate deposits repaid		
	L&T Finance Holdings Limited	184,325.00	229,095.00
	L&T Finance Limited	-	39,275.00
	L&T Infrastructure Finance Company Limited	3,100.00	-
	L&T Finance Limited (formerly Family Credit Limited)	33,800.00	19,900.00
4	Interest expense on inter corporate deposits		
	L&T Finance Holdings Limited	597.92	411.31
	L&T Finance Limited	-	32.94
	L&T Infrastructure Finance Company Limited	3.82	-
	L&T Finance Limited (formerly Family Credit Limited)	29.98	23.28
5	Inter corporate deposits given		
	L&T Infrastructure Finance Company Limited	8,900.00	-
	L&T Finance Limited (formerly Family Credit Limited)	42,915.00	-
6	Inter corporate deposits received back		
	L&T Infrastructure Finance Company Limited	8,900.00	-
	L&T Finance Limited (formerly Family Credit Limited)	42,915.00	-
7	Interest received on inter corporate deposits		
	L&T Infrastructure Finance Company Limited	8.15	-
	L&T Finance Limited (formerly Family Credit Limited)	80.70	-
8	Investment Purchased		
	L&T Infrastructure Finance Company Limited	8,494.23	-
9	Brand license fees paid to		
	Larsen & Toubro Limited	712.39	178.93
10	Corporate support charges paid		
	L&T Finance Limited	-	668.48
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	-	1.90
	L&T Finance Holdings Limited	127.00	6.08
	L&T Finance Limited (formerly Family Credit Limited)	22.79	-
11	Rent paid to		
	L&T Finance Limited	-	214.11
	L&T Finance Limited (formerly Family Credit Limited)	323.96	29.93
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	214.87	31.46
12	Rent recovered from		
	L&T Finance Limited	-	22.76
	L&T Finance Limited (formerly Family Credit Limited)	52.03	13.43
	L&T Investment Management Limited	5.81	-

Notes to the Financial Statements for the year ended March 31, 2017

(b) Disclosure of related party transactions:		(₹ in lakh)	
S. No.	Nature of transactions	March 31, 2017	March 31, 2016
13	Commission Expenses		
	L&T Access Financial Advisory Services Private Limited	-	172.48
	L&T Capital Markets	0.71	3.55
14	Professional Fees Expense		
	Larsen & Toubro Limited	19.73	23.19
	Larsen & Toubro Infotech Limited	4.93	6.41
15	Advertising & Publicity		
	L&T Finance Holdings Limited	-	95.20
16	Computer Maintenance		
	Larsen & Toubro Infotech Limited	-	42.09
	Larsen & Toubro Limited	41.31	36.20
17	Maintenance Charges		
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	47.65	13.48
18	Servicing Fees Received		
	L&T Finance Limited (formerly Family Credit Limited)	62.89	66.23
19	Managerial remuneration **		
	Vasudevan Ramaswami	-	129.27
	Girijakanta Mishra	77.23	-
	Srikanth J R	22.79	-
(b) Amount due to / from related parties:		(₹ in lakh)	
S. No.	Nature of transactions	March 31, 2017	March 31, 2016
1	Balance payable / (receivable)		
	L&T Finance Limited	-	94.54
	L&T Investment Management Limited	(0.14)	0.27
	L&T Capital Markets Limited	2.99	0.45
	L&T Finance Limited (formerly Family Credit Limited)	24.27	(23.87)
	L&T Access Financial Advisory Services Private Limited	-	(3.91)
	Larsen & Toubro Limited	791.95	373.59
	Larsen & Toubro Infotech Limited	1.42	4.46
	L&T Finance Holdings Limited	33.34	-
	L&T Infrastructure Finance Company Limited	(0.16)	-
2	Rent Deposit		
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	2.51	12.23

Note:

- 1) Transactions shown above are exclusive of service tax, if any.
- 2) ** Managerial Remuneration excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

Notes to the Financial Statements for the year ended March 31, 2017

25.4 Earnings per Share (EPS)

Basic and Diluted	31-Mar-17	31-Mar-16
Profit after tax as per statement of profit and loss account (₹ in Lakh)	13,641.15	5,803.99
Weighted average number of equity shares for computation of Basic / Diluted earnings per share	122,914,535	99,962,695
Basic and Diluted earnings per equity share	11.10	5.81
Nominal value of equity shares (₹)	10.00	10.00

25.5 Segment Reporting

The Company's main business is to provide finance for housing loans, Construction loans and Loan against properties. All other activities revolve around the main business. 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'.

25.6 Leases

Office premises are taken on operating lease. There are no sub leases. Lease payments during the year are charged to the statement of profit and loss

	(₹ in lakh)	
Description	31-Mar-17	31-Mar-16
Operating lease payment recognized during the year	726.00	404.32
Not later than one year	-	2.77
Later than one year but not later than five years	-	-
Later than five years	-	-

25.7 Corporate Social Responsibility

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : ₹ 105.02 lakh

	(₹ in lakh)		
Particulars	Paid	Payable	Total
(a) Gross amount required to be spent	105.02	-	105.02
(a) Amount spent during the year on:			
(i) Construction/ acquisition of any asset	-	-	
(ii) On purposes other than (i) above	105.02		105.02

25.8 The Company had filed a Scheme of Amalgamation (the "Scheme") for the amalgamation of Consumer Financial Services Ltd. ("CFSL"), wholly owned subsidiary formed for business of distribution of Financial Products, with the Company with the Honourable High Court of Bombay for the Company and Honourable High Court of Delhi for CFSL. The Honourable High Court of Bombay had sanctioned the Scheme with effect from April 01, 2015, (the "Appointed Date") vide its Order dated July 10, 2015 and The Honourable High Court of Delhi sanctioned the Scheme with effect from April 01, 2015, (the "Appointed Date") vide its Order dated August 29, 2016. The certified copies of the Order of the Courts sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on October 28, 2016 (the "Effective Date").

Notes to the Financial Statements for the year ended March 31, 2017

During the year, the amalgamation has been accounted under the "Pooling of Interest Method" as prescribed by Accounting Standard 14 (AS 14)- Accounting for Amalgamations and as per the specific provisions of the approved scheme. Accordingly, all assets and liabilities and income and expenditure as on effective date of the erstwhile CFSL stand transferred to and vested in the Company.

CFSL being wholly owned subsidiary of the company no shares were issued. Net identifiable assets of CFSL of ₹ 38.51 lakh (including Cash and cash equivalents of ₹ 21.85 lakh) as at 1st April, 2016 were transferred against the carrying value of investment in books of Company amounting to ₹ 30 lakh (net of provision of ₹ 70 lakh) . Excess of ₹ 8.51 lakhs have been added to the opening balance of statement of profit and loss.

25.9 Disclosure with regard to Specified Bank Notes to be read with footnote: (₹ in lakh)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	232.31	1.75	234.06
Add- permitted receipts*	-	182.35	182.35
Less- permitted payments	-	-	-
Less- amount deposited in Banks*	(232.31)	(171.79)	(404.10)
Closing cash in hand as on December 30, 2016	-	12.31	12.31

*includes amount directly deposited by the borrowers into the bank accounts.

Footnote:

As a Housing Finance Company, the Company offers mortgage lending products to a large number of customers. The operation are geographically wide-spread with significant volumes of transactions including cash collections. The above information covers cash received at the Company's offices as well as direct deposit in company's bank accounts by the borrowers and is based on information and records available with the Company.

As the Company took steps not to accept Specified Bank Notes at its offices after November 8, 2016 and there were amounts directly deposited into Company's bank accounts by the borrowers, all amounts directly deposited into the Company's bank account by borrowers have been classified as "Permitted receipts" and where details of denomination were not available, the same have been show as "Other denomination notes".

Disclosures in terms of Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016. dated February 9,2017:

25.10.Capital (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
CRAR (%)	15.39%	14.11%
CRAR – Tier I Capital (%)	11.54%	9.97%
CRAR – Tier II Capital (%)	3.85%	4.14%
Amount of subordinated debt raised as Tier- II Capital	-	6,400.00
Amount raised by issue of Perpetual Debt Instruments	1,500.00	5,000.00

Notes to the Financial Statements for the year ended March 31, 2017

25.11. Reserve Fund u/s 29C of NHB Act, 1987

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	922.62	871.85
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,910.25	2,800.22
c) Total u/s 29C	4,832.87	3,672.07
Addition / Appropriation / Withdrawal during the year		
Add:	567.68	50.77
a) Amount transferred u/s 29C of the NHB Act, 1987		
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,162.25	1,110.03
Less:	-	-
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987"		
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,490.30	922.62
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	6,072.50	3,910.25
c) Total	7,562.80	4,832.87

25.12. Investments

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
1. Value of Investments		
(i) Gross value of Investments		
(a) In India	43,551.63	63,957.40
(b) Outside India		
(ii) Provisions for Depreciation		
(a) In India	(1.98)	(74.27)
(b) Outside India		

Notes to the Financial Statements for the year ended March 31, 2017

25.12. Investments (Contd.)

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(iii) Net value of Investments		
(a) In India	43,549.65	63,883.13
(b) Outside India		
2. Movement of provisions held towards depreciation on investments		
(i) Opening balance	74.27	74.32
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	2.29	0.05
(iv) Less: Written back on account of merger (Refer note 25.8)	70.00	-
(v) Closing balance	1.98	74.27

25.13. Derivatives

25.13 (1) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

The company has not traded in Forward Rate Agreement/ Interest Rate Swap during the financial year March 31, 2017 (Previous year - Nil)

25.13 (2) Exchange Traded Interest Rate (IR) Derivative

The company has not traded in Exchange Traded Interest Rate Derivative during the financial year March 31, 2017 (Previous year - Nil)

25.13 (3) Disclosures on Risk Exposure in Derivatives

The Company has a Treasury Risk Management Policy approved by the Assets Liability Committee and the Board. This policy provides the framework for managing various risks including interest rate risk and currency risk. The policy provides for use of derivative instruments in managing the risks.

25.14 Securitisation

Company has not entered into any securitisation transaction during the year (Previous year - Nil)

25.14 (1) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current and previous year no financial assets are sold to Securitisation/Reconstruction company for Asset Reconstruction

25.14 (2) Details of Assignment transactions undertaken by HFCs

During the current and previous year no assignment transactions has been undertaken.

25.14 (3) Details of non-performing financial assets purchased / sold

During the current and previous year no non-performing financial assets has been purchased / sold from / to other HFC's.

**25.14 (4) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)
For Financial Year ended 2016-17**

(₹ in lakh)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	11,623.84	-	-	3,250.00	2,200.00	337,327.00	17,150.00	5,900.00	3,200.00	-	- 380,650.84
Market Borrowing	2,500.00	4,075.00	1,800.00	8,550.00	12,300.00	200,050.00	93,800.00	10,150.00	30,900.00	-	- 364,125.00
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,626.49	2,839.24	2,930.13	8,970.08	22,963.45	128,871.53	142,590.67	128,793.60	171,821.87	221,159.61	833,566.67
Investments	35,000.00	-	-	-	50.41	8,494.23	-	-	-	5.01	43,549.65
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

For Financial Year ended 2015-16

(₹ in lakh)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	5,836.84	666.67	1,792.00	6,722.22	45,214.00	256,972.00	30,734.00	10,065.00	6,150.00	-	- 364,152.73
Market Borrowing	1,000.00	7,500.00	-	7,200.00	3,594.31	134,325.00	65,500.00	23,550.00	27,900.00	-	- 270,569.31
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,217.98	2,513.29	2,440.60	7,739.56	16,724.16	107,576.11	118,643.04	101,559.68	137,259.36	189,207.96	685,881.73
Investments	63,830.00	-	-	-	-	-	-	-	-	53.13	63,883.13
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements for the year ended March 31, 2017

25.15 Exposure

25.15 (1) Exposure to Real Estate Sector

(₹ in lakh)

Category	31-Mar-17	31-Mar-16
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
Individual housing loans upto ₹ 15 lakh	36,929.42	35,696.32
Individual housing loans above ₹ 15 lakh	375,540.75	348,511.89
Other loans	328,350.97	255,501.71
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	102,379.85	52,613.94
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	Nil	Nil
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

Note : Above mentioned amounts are excluding undisbursed commitment.

25.15 (2) Exposure to Capital Market

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.01	35.01
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-

Notes to the Financial Statements for the year ended March 31, 2017

25.15 (2) Exposure to Capital Market (Contd.)

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	5.01	35.01

25.15 (3) Details of financing of parent company products : Nil (Previous year - Nil)

25.15 (4) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC : Nil (Previous year - Nil)

25.15 (5) Unsecured Advances : Nil (Previous year - Nil)

25.16 Miscellaneous

25.16 (1) Registration obtained from other financial sector regulators

No registration has been obtained from other financial sector regulator

25.16 (2) Disclosure of Penalties imposed by NHB and other regulators : Nil (Previous year - Nil)

25.16 (3) Rating assigned by Credit Rating Agencies and migration of rating during the year

Instrument	31-Mar-17		31-Mar-16	
	CARE	ICRA	CARE	ICRA
Non Convertible Debentures	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Subordinated Debt	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Perpetual Debt	CARE AA (Stable)	ICRA AA (Stable)	CARE AA (Stable)	ICRA AA (Stable)
Fixed Deposit	CARE AA+ (FD)	ICRA MAA+ (Stable)	CARE AA+ (FD)	ICRA MAA+ (Stable)
Bank Lines	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Commercial Paper	CARE A1+	ICRA A1+	CARE A1+	ICRA A1+

25.16 (4) Postponement of Revenue Recognition : Nil (Previous year - Nil)

25.17 Additional Disclosures

Notes to the Financial Statements for the year ended March 31, 2017

25.17 (1) Provisions and Contingencies

(₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31-Mar-17	31-Mar-16
1. Provisions for depreciation on Investment	(2.29)	(0.05)
2. Provision made towards Income tax		
Current Tax	7,628.08	3,566.92
Deffered Tax	(248.47)	(442.10)
3. Provision towards NPA	1,942.72	968.41
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	1,820.75	1,156.71
CRE	99.18	107.33
CRE - RH	984.46	210.95
Others (HL, LAP and Other Loans)	737.11	838.43
5. Other Provision and Contingencies (with details)		
Bad debts written off - housing and other loans	469.78	160.65

(₹ in lakh)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Standard Assets				
a) Total Outstanding Amount *	468,936.77	437,713.59	366,967.91	249,699.44
b) Provisions made *	3,542.67	1,931.36	1,728.62	1,063.66
Sub-Standard Assets				
a) Total Outstanding Amount	2,068.29	1,148.28	2,101.14	1,571.64
b) Provisions made	544.34	233.14	836.50	335.27
Doubtful Assets – Category-I				
a) Total Outstanding Amount	770.61	592.99	1,077.00	484.40
b) Provisions made	364.73	285.14	697.09	217.01
Doubtful Assets – Category-II				
a) Total Outstanding Amount	339.91	79.99	826.57	522.21
b) Provisions made	237.54	54.70	670.22	339.44
Doubtful Assets – Category-III				
a) Total Outstanding Amount	18.04	-	-	-
b) Provisions made	18.04	-	-	-
Loss Assets				
a) Total Outstanding Amount	532.23	492.73	18.03	18.57
b) Provisions made	532.23	492.73	18.03	18.57
TOTAL				
a) Total Outstanding Amount	472,665.85	440,027.58	370,990.65	252,296.26
b) Provisions made	5,239.55	2,997.07	3,950.46	1,973.95

* Including additional provision created on interest ₹ 455.51 lakhs. (Previous year - Nil)

Notes to the Financial Statements for the year ended March 31, 2017

25.17 (2) Draw Down from Reserves

No drawdown from the reserves during the year (Previous year - Nil)

25.17 (3) Concentration of Public Deposits, Advances, Exposures and NPAs

25.17 (3) (1) Concentration of Public Deposits (for Public Deposit taking/holding HFCs) : Nil (Previous Year Nil)

25.17 (3) (2) Concentration of Loans & Advances

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Loans & Advances to twenty largest borrowers	65,777.74	56,602.67
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.89%	8.25%

Note : Above mentioned amounts are excluding undisbursed commitment.

25.17 (3) (3) Concentration of all Exposure (including off-balance sheet exposure)

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Exposure to twenty largest borrowers / customers	68,271.60	57,834.91
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.09%	8.35%

Note : Above mentioned amounts are excluding undisbursed commitment.

25.17 (3) (4) Concentration of NPAs

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Exposure to top ten NPA accounts	2,322.34	1,719.99

25.17 (4) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector
A. Housing Loans:	
1. Individuals	0.92%
2. Builders/Project Loans	-
3. Corporates	-
4. Others (specify)	-
B. Non-Housing Loans:	
1. Individuals	1.16%
2. Builders/Project Loans	-
3. Corporates	1.17%
4. Others (specify)	-

Notes to the Financial Statements for the year ended March 31, 2017

25.17 (5) Movement of NPAs

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(I) Net NPAs to Net Advances (%)	0.46%	0.43%
(II) Movement of NPAs (Gross)		
a) Opening balance	4,910.82	3,582.65
b) Additions during the year	9,780.13	5,137.65
c) Reductions during the year	(6,939.13)	(3,809.48)
d) Closing balance	7,751.82	4,910.82
(III) Movement of Net NPAs		
a) Opening balance	2,934.82	2,575.05
b) Additions during the year	5,498.87	2,841.15
c) Reductions during the year	(4,600.59)	(2,481.38)
d) Closing balance	3,833.10	2,934.82
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,976.00	1,007.60
b) Provisions made during the year	4,281.26	2,296.50
c) Write-off/write-back of excess provisions	(2,338.54)	(1,328.10)
d) Closing balance	3,918.72	1,976.00

25.17 (6) Overseas Assets : Nil (Previous year Nil)

25.17 (7). Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) : Nil (Previous year - Nil)

25.18 Disclosure of Complaints

25.18(1) Customers Complaints

Particulars	31-Mar-17	31-Mar-16
a) No. of complaints pending at the beginning of the year	80	5
b) No. of complaints received during the year	2605	3169
c) No. of complaints redressed during the year	2680	3094
d) No. of complaints pending at the end of the year	5	80

25.19 Previous year figures have been re-grouped / re-arranged and re-classified wherever necessary, to conform to current year's classification.

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

Dinanath Dubhashi
Chairperson
DIN 03545900

Chunni Singh
Company Secretary

Sandeep Somani
Head Accounts
(CFO)

Place: Mumbai
May 02, 2017