

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their Annual Report and the Audited Accounts for the Financial Year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

The summarized financial results for the year ended March 31, 2013 are as under:

(₹ Lakhs)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Gross Income	17,404.73	2955.71
Profit / (Loss) before Tax	2,685.17	456.06
Provision for Tax	(476.17)	135.00
Profit / (Loss) after Tax	3,161.34	321.06
Transfer to Special Reserve u/s 45-IC of RBI Act, 1934	633.00	65.00
Add: Balance brought forward from previous years	(1,106.35)	(1362.41)
Profit / (Loss) carried forward to Balance Sheet	1,421.99	(1106.35)

APPROPRIATIONS

Your Company proposes to transfer ₹ 633.00 Lakhs (Previous year ₹ 65.00 Lakhs) to Special Reserve created u/s 45-IC of Reserve Bank of India Act, 1934 and retain ₹ 1421.99 Lakhs (Previous year ₹ NIL) in the Statement of Profit and Loss of the Company.

DIVIDEND

Your 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 been recommended for the Financial Year ended March 31, 2013.

YEAR IN RETROSPECT - THE HIGHLIGHTS

During the year, the Company has offered a range of financial products namely, supply chain finance, vendor finance and corporate finance, amongst others.

The Company had also purchased a corporate portfolio from L&T Finance Limited, fellow subsidiary of the Company.

The Company sourced its funds requirements through equity financing from the parent company, inter-company borrowings, issuance of non-convertible debentures on private placement basis and borrowings from banks and other institutions.

PERFORMANCE OF THE COMPANY

The growth in book size of the Company in Financial Year 2012-13 was on account of large deals clocked by the Company in the last quarter of the said year. The growth in income during the year under review is attributable to the income on these assets on full year basis in Financial Year 2012-13.

Accordingly, the Company has achieved significantly higher performance during the year under review, in comparison to the year ended March 31, 2012, the highlights of which are as below:

- Gross Portfolio Assets grew from ₹ 188,550.26 Lakhs as at March 2012, to ₹ 211,175.40 Lakhs as at March 2013.
- Total Income grew from ₹ 2,955.71 Lakhs in 2011-12 to ₹ 17,404.73 Lakhs in 2012-13.
- Profit before Tax (PBT) grew from ₹ 456.06 Lakhs in 2011-12 to ₹ 2,685.17 Lakhs in 2012-13.
- Profit after Tax (PAT) grew from ₹ 321.06 Lakhs in 2011-12 to ₹ 3,161.34 Lakhs in 2012-13.

RESOURCES

During the year under review, your Company had allotted 2,94,11,500 equity shares of ₹ 10/- each, at a total consideration of ₹ 34/- per share (including ₹ 24/- as premium), to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2013, the paid-up capital of your Company had increased to ₹ 19,943.70 Lakhs.

Your Company had raised ₹ 12500.00 Lakhs through private placement of Secured Redeemable Non Convertible Debentures to investors.

Credit Rating

During the year, Credit Analysis and Research Ltd. (CARE) have awarded 'CARE AA+' [Double A Plus] rating for the issue of Secured Non- Convertible Debentures (NCDs) for an aggregate amount of ₹ 300 crores. The rating indicates that the NCDs carry very low credit risk and are considered to have high degree of safety regarding timely servicing of financial obligations and further indicating "Stable" outlook.

FIXED DEPOSITS

Since its inception, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998.

DIRECTORS

At present, the Board comprises of three Directors viz. Mr. N. Sivaraman, Mr. Dinanath Dubhashi and Mr. Suneet K. Maheshwari.

Mr. Dinanath Dubhashi, Director appointed in casual vacancy in place of Mr. N. Hariharan whose term is expiring this year, is eligible for appointment as a Director of the Company.

Pursuant to Section 257 of the Companies Act, 1956, a notice had been received by the Company signifying his candidature for the office of Director of the Company.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

Your Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India. A gist of our compliance with the said guidelines is given below:

A. Remuneration of Directors

All the Directors are associated with companies of L&T Financial Services group. The Directors are not paid any sitting fees for attending the Meetings of the Board and/or any Committees thereof and are not drawing any remuneration from the Company.

B. Independent Directors

All the members of the Board are independent in the sense that none of them is involved in the day-to-day management of the Company.

C. Numbers 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 they have confirmed compliance with the same.

D. Responsibilities of the Board

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

Presentation 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.

The Company ensures necessary training to the 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 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 systems of risk management and compliance with statutory requirements are in place.

E. Audit Committee of the Board

The Audit Committee functions as an Audit Committee for the purposes of Section 292A of the Companies Act, 1956 as well as the RBI directions for NBFC's. The Committee met four times during the year and had discussions with the auditors on internal control systems.

F. Statutory Auditors

The Company has obtained a certificate from the auditors certifying its independence and arm's length relationship with the Company. The Company does not currently advocate rotation of Auditors as envisaged in these guidelines in view of the domain knowledge acquired by the Auditors over a period of time.

G. Internal Auditors

Internal Audit Department of L&T Financial Services Group provides Internal Audit services to your Company.

H. Internal Control

The Board ensures the effectiveness of the Company's system of internal controls including financial, operational and compliance control and risk management controls.

I. Secretarial Audit

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

J. Details of related party transactions

The Board hereby states that the details of all the related party transactions form part of the accounts as required under AS-18 and the same are given in Note 23.3 of the Financial Statements.

AUDITORS

The Auditors, M/s. Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Audit Committee:

The Audit Committee has been set up pursuant to Section 292A of the Act, as well as the RBI directions for NBFCs. The Committee comprises of 3 Directors as per details given below:

Composition of Audit Committee

Mr. N. Sivaraman – Chairman
Mr. Dinanath Dubhashi
Mr. Suneet K. Maheshwari

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956.

During the fiscal year 2012-13, the Committee met four times.

Committee of Directors:

The Committee of Directors of the Board was constituted on July 16, 2012.

The Committee comprises of 2 Directors as per details given below:

Composition of Committee of Directors

Mr. N. Sivaraman – Chairman
Mr. Dinanath Dubhashi

Role of the Committee

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

During the fiscal year 2012-13, the Committee met eleven times.

Asset-Liability Management Committee:

The Asset-Liability Management Committee was constituted on March 18, 2008.

The Committee comprises of 4 Members as per details given below:

Composition of Asset-Liability Management Committee

Mr. N. Sivaraman-Chairman
Mr. Dinanath Dubhashi
Mr. G.K. Shettigar
Ms. Dipti Advani

Role of the Committee

1. Monitoring market risk management systems, compliance with the asset-liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
2. Reviewing the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
3. Reviewing the effects of various possible changes in the market conditions related to the Balance Sheet and recommend the action needed to adhere to the Company's internal limits;
4. Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks;
5. Product pricing for financial assistance, desired maturity profile and mix of the incremental assets and liabilities, based on market conditions.
6. Articulating the current interest rate view of the Company and deciding the future business strategy on this view; and
7. Deciding on the source and mix of liabilities and recommending the desired asset mix.

During the fiscal year 2012-13, the Committee met four times.

Risk Management Committee:

The Risk Management Committee was constituted on March 18, 2008.

Composition of Risk Management Committee

Mr. N. Sivaraman-Chairman
Mr. Dinanath Dubhashi
Ms. Dipti Advani

Role of the Committee

The Risk Management Committee would be responsible for managing, inter alia the integrated risk which includes liquidity risk, interest rate risk and currency risk.

During the fiscal year 2012-13, the Committee met two times.

Nomination and Compensation Committee:

The Nomination and Compensation Committee was constituted on March 18, 2008.

Composition of Nomination and Compensation Committee

Mr. N. Sivaraman- Chairman
Mr. Dinanath Dubhashi
Ms. Maneesha Jha Thakur-Secretary

Role of the Committee

- To ensure 'fit and proper' status of existing/ proposed Directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine the suitability of the person(s) for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other relevant factors.
- To focus on evaluating senior level employees, their remuneration, promotions etc.

Credit Committee:

The Credit Committee was constituted on April 23, 2012.

Composition of Credit Committee

Mr. N. Sivaraman- Chairman
Mr. Dinanath Dubhashi
Mr.Suneet Maheshwari
Ms. Dipti Advani
Ms. Mrudul Gokhale- Head, Credit

Role of the Committee

The Credit Committee reviews and approves various credit proposals as per the credit and lending authorisations approved by the Board.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER

Your Company did not have any employee as on March 31, 2013 drawing remuneration in excess of the amount specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company. There were no foreign exchange earnings and expenditure during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief:

- 1) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that year;
- 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 your Company and for preventing and detecting fraud and other irregularities;
- 4) The Directors have prepared the Annual Accounts on a going concern basis; and

- 5) Proper systems are in place to ensure compliance of all laws applicable to the Company.

AUDITORS' REPORT

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

RESERVE BANK OF INDIA (RBI) GUIDELINES

Your Company continues to comply with all the requirements prescribed by the Reserve Bank of India, from time to time, as applicable to it.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the dedication and commitment of the Company's management/employees to the growth of the Company. Their unstinted support has been and continues to

be integral to the Company's ongoing success. Your Directors wishes to thank the Company's clients and business associates for their support to the growth of the Company. Your Directors also wish to thank the Central and State Governments, Reserve Bank of India and other Regulatory/ Government Authorities, Financial Institutions, Banks, Mutual Funds and Rating Agencies for their support.

For and on behalf of the Board

Sd/-
Suneet K. Maheshwari
(Director)

Sd/-
Dinanath Dubhashi
(Director)

Mumbai, April 22, 2013

Registered Office:

L&T House,
Ballard Estate,
Mumbai - 400001

Independent Auditors' Report

To the Members of L&T FinCorp Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T FinCorp Limited** (the 'Company'), which comprise the Balance Sheet as at March 31, 2013, 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 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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 the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profits of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Companies Act, 1956, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956; and
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

SHARP & TANNAN

Chartered Accountants
Registration No. 109982W
by the hand of

Milind P. Phadke

Partner

Membership No. 033013

Mumbai,
April 22, 2013

Annexure to the Independent Auditors' Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of all fixed assets.
- (b) In respect of owned assets as explained to us, all fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, considering the size of the Company and nature of its assets. In respect of leased assets the Company has formulated a programme of physical verification for all the fixed assets over the period of three years which in our opinion is reasonable having regard to size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed off any substantial part of its fixed assets during the year, so as to affect its going concern status.
- (ii) The Company is a non-banking finance company and does not hold any inventories. Accordingly, reporting on Paragraph 4 (ii) (a), (b) and (c) of the Order is not applicable.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under Paragraph 4(iii) (b), (c) and (d) of the Order, is not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under Paragraph 4(iii) (f) and (g) of the Order is not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for services rendered. During the course of audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) According to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, reporting under Paragraph 4 (v) (b) of the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Company, being a non-banking finance company, the Paragraph 4 (viii) of the Order is not applicable.
- (ix) (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period exceeding six months from the date they became applicable.
- (b) According to the information and explanations given to us, there are no dues in respect of income tax, service tax, cess and other statutory dues as applicable that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has no accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.

- (xi) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in the repayment of dues to any financial institutions or bank or debenture holders as at the balance sheet date.
- (xii) According to the information and explanations given to us and the records examined by us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the Paragraph 4 (xii) of the Order is not applicable.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. Accordingly, the Paragraph 4 (xiii) of the Order is not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. The Company has invested surplus fund in the schemes of mutual funds. According to the information and explanations given to us, proper records have been made of the transactions and contracts and timely entries have been made therein.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantee given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
- (xviii) According to the information and explanations given to us and the records examined by us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year. Accordingly, the Paragraph 4 (xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and based on the records examined by us, security or charge has been created in respect of the debentures issued.
- (xx) According to the information and explanations given to us and the records examined by us, the Company has not raised any money by public issues during the year. Accordingly, Paragraph 4 (xx) of the Order is not applicable to the Company.
- (xxi) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

SHARP & TANNAN
Chartered Accountants
 Registration No. 109982W
 by the hand of

Milind P. Phadke
Partner
 Membership No. 033013

Mumbai,
 April 22, 2013

Balance Sheet as at March 31, 2013

(₹ Lakh)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES:			
Shareholders' funds			
Share capital	2	19,943.70	17,002.55
Reserves and surplus	3	23,048.13	12,838.03
		42,991.83	29,840.58
Non-current liabilities			
Long-term borrowings	4	22,500.00	79,875.00
Long-term provisions	5	190.60	175.00
		22,690.60	80,050.00
Current liabilities			
Short-term borrowings	6	111,043.91	37,399.85
Current maturities of long-term borrowings	4	49,453.00	46,625.00
Other current liabilities	7	3,680.89	113.99
Short-term provisions	8	315.13	300.00
		164,492.93	84,438.84
Total		230,175.36	194,329.42
ASSETS:			
Non-current assets			
Fixed assets			
- Tangible assets	9	812.85	6.59
- Intangible assets		39.12	-
- Capital work-in-progress		-	432.01
		851.97	438.60
Deferred tax assets (net)	10	1,219.17	-
Long-term loans and advances towards financing activities	11	85,357.19	69,918.77
Other long-term loans and advances	12	3,573.75	3,315.10
Current assets			
Trade receivables	13	5.42	5.42
Cash and bank balances	14	7,386.75	470.96
Short-term loans and advances towards financing activities	15	57,656.71	37,353.52
Current maturities of long-term loans and advances towards financing activities	11	67,034.35	81,277.98
Other current assets	16	7,090.05	1,549.07
		139,173.28	120,656.95
Total		230,175.36	194,329.42
Significant Accounting Policies	1		
Notes forming part of the financial statements	23		

As per our report attached

For and on behalf of Board of Directors of L&T FinCorp Limited

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

Dinanath Dubhashi
Director

Suneet K. Maheshwari
Director

Milind P. Phadke
Partner
Membership No. 033013

Dipti Advani
Manager

Mumbai, April 22, 2013

Mumbai, April 22, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(₹ Lakh)

	Note No.	2012-2013	2011-2012
INCOME:			
Revenue from operations	17	17,126.07	2,664.41
Other income	18	278.66	291.30
Total		<u>17,404.73</u>	<u>2,955.71</u>
EXPENSES:			
Finance costs	19	13,048.12	1,731.42
Employee benefits expenses	20	26.80	-
Administration and other expenses	21	351.69	443.29
Allowances and write offs	22	1,207.16	324.80
Depreciation and amortisation expense		85.79	0.14
Total		<u>14,719.56</u>	<u>2,499.65</u>
Profit before exceptional and extraordinary Items and taxes		2,685.17	456.06
Exceptional items		-	-
Profit before extraordinary items and taxes		2,685.17	456.06
Extraordinary Items		-	-
Profit before tax		2,685.17	456.06
Tax expense:			
- Current tax		1,026.81	135.00
- MAT credit utilised		(283.81)	-
- Deferred tax		(1,219.17)	-
		(476.17)	135.00
Profit for the year		<u>3,161.34</u>	<u>321.06</u>
Earnings per share:			
Basic earnings per equity share (₹)		1.86	0.32
Diluted earnings per equity share (₹)		1.85	0.31
Face value per equity share (₹)		10.00	10.00
Significant Accounting Policies	1		
Notes forming part of the financial statements	23		

As per our report attached

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

Milind P. Phadke
Partner
Membership No. 033013

Mumbai, April 22, 2013

For and on behalf of Board of Directors of L&T FinCorp Limited

Dinanath Dubhashi
Director

Dipti Advani
Manager

Mumbai, April 22, 2013

Suneet K. Maheshwari
Director

Cash Flow Statement for the year ended March 31, 2013

	(₹ Lakh)	
	2012-13	2011-12
A. Cash flow from operating activities		
Profit before tax as per the statement of profit and loss	2,685.17	456.06
Adjustment for:		
Provision on standard assets	25.00	324.80
Provision on non-performing assets	1,127.16	-
Depreciation and amortisation	85.79	0.14
Provision for gratuity and compensated absences/leave encashment	1.32	-
(Profit)/Loss on sale of investments (net)	(17.26)	(16.66)
Operating profit before working capital changes	3,907.18	764.34
Adjustment for:		
(Increase)/ Decrease in loans and advances towards financing activity	(22,625.14)	(128,475.74)
(Increase)/ Decrease in trade and other receivable and advances	(5,541.17)	(5,320.18)
Increase/ (Decrease) in trade and other payables	3,561.31	75.42
Cash (used in)/generated from operations	(20,697.82)	(132,956.16)
Direct taxes paid	(1,001.46)	(107.24)
Net cash flow from operating activities (A)	(21,699.28)	(133,063.40)
B. Cash flows from investing activities		
Add: Inflows from investing activities		
Sale of investments (net)	17.26	716.66
Less: Outflow from investing activities		
Purchase of fixed asset	499.16	-
Net cash from investing activities (B)	(481.90)	716.66
C. Cash flows from financing activities		
Add: Inflows from financing activities		
Proceeds from issue of share capital including securities premium	9,999.91	20,000.00
Proceeds from long-term borrowings	22,500.00	126,500.00
Proceeds from short-term borrowings (net)	73,644.06	37,567.77
	106,143.97	184,067.77
Less: Outflows from financing activities		
Repayment of long-term borrowings	77,047.00	51,951.23
Net cash generated/(used in) from financing activities (C)	29,096.97	132,116.54
Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	6,915.79	(230.20)
Cash and cash equivalents as at beginning of the year	470.96	701.16
Cash and cash equivalents as at end of the year	7,386.75	470.96

Notes:

- Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
- Purchase of fixed assets includes movements of capital work in process during the year.
- Cash and cash equivalents represent cash, bank balances and deposit with maturity period of less than 3 months.
- Previous year figures have been regrouped wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

Milind P. Phadke
Partner
Membership No. 033013

Mumbai, April 22, 2013

For and on behalf of Board of Directors of L&T FinCorp Limited

Dinanath Dubhashi
Director

Dipti Advani
Manager

Mumbai, April 22, 2013

Suneet K. Maheshwari
Director

Notes forming part of Financial Statements: March 31, 2013

1 Significant Accounting Policies

A. Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the generally accepted accounting principles, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof along with the applicable guidelines issued by Reserve Bank of India ("RBI").

B. Use of Estimate

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Tangible and Intangible Fixed Assets

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

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

D. Investments

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

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

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

E. Advances

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

In respect of Loans and Debentures/Bonds in the nature of an advance, where interest is not serviced, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

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

F. Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

(d) Income from operating lease is recognised as rental, as accrued on straight line basis over the period of the lease.

(e) Dividend is accounted when the right to its receipt is established.

G. Depreciation and Amortisation

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

H. Impairment of assets

Tangible fixed assets and intangible assets are reviewed for impairment whenever events or

Notes forming part of Financial Statements: March 31, 2013

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.

I. Operating Leases

Where the Company is lessee

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

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

J. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of

Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of 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.

K. Provisions, Contingent liabilities and Contingent assets

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

L. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

M. Earnings per share

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

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable

Notes forming part of Financial Statements: March 31, 2013

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

N. Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and

disclosed as follows:-

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

O. Share Issue Expenses

Equity Share issue expenses are debited against the Securities Premium Account.

2 Share Capital

2.(I) Share capital authorised, issued and subscribed

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	(₹ Lakh)	No. of Shares	(₹ Lakh)
Authorised shares				
Equity Shares of ₹ 10 each	300,000,000	30,000.00	300,000,000	30,000.00
Issued, Subscribed and Paid-up shares				
Equity Shares of ₹ 10 each fully paid	199,437,017	19,943.70	170,025,517	17,002.55
Total Issued, Subscribed and Paid-up shares capital	199,437,017	19,943.70	170,025,517	17,002.55

2.(II) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	(₹ Lakh)	No. of Shares	(₹ Lakh)
At the beginning of the year	170,025,517	17,002.55	101,060,000	10,106.00
Issued during the year				
- Capital infusion by holding company	29,411,500	2,941.15	68,965,517	6,896.55
Outstanding at the end of the year	199,437,017	19,943.70	170,025,517	17,002.55

2.(III) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

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

Notes forming part of Financial Statements: March 31, 2013

2.(IV) Shares held by holding company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	(₹ Lakh)	No. of Shares	(₹ Lakh)
Equity Shares of ₹ 10 each fully paid	199,437,017	19,943.70	170,025,517	17,002.55

2.(V) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
* Held by L&T Finance Holdings Limited (Holding company) and its nominees	199,437,017	100%	170,025,517	100%

3 Reserves and Surplus

(₹ Lakh)

	As at March 31, 2013		As at March 31, 2012	
3.(I) Securities Premium Account				
Balance as per last Balance Sheet	13,103.45		-	
Add: Addition during the year	7,058.76		13,103.45	
Less: Equity share issue expenses adjusted during the year	10.00		-	
		20,152.21		13,103.45
3.(II) Reserve u/s 45-IC of RBI Act, 1934				
Balance as per last Balance Sheet	840.93		775.93	
Add: Current year transfer	633.00		65.00	
		1,473.93		840.93
3.(III) Surplus/(Deficit) in the Statement of Profit and Loss				
Balance as per last Balance Sheet	(1,106.35)		(1,362.41)	
Net Profit for the year	3,161.34		321.06	
Less: Appropriations				
Transfer to reserve u/s 45-IC of RBI Act, 1934	633.00		65.00	
		1,421.99		(1,106.35)
Closing balance		23,048.13		12,838.03

4 Long-term borrowings

(₹ Lakh)

	Non-current Portion		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Secured				
Redemable non-convertible debentures	12,500.00	-	-	-
Term loans				
- from banks	10,000.00	79,875.00	49,453.00	46,625.00
Total	22,500.00	79,875.00	49,453.00	46,625.00

Notes forming part of Financial Statements: March 31, 2013

Redeemable non-convertible debentures

Series	Face Value Per Debenture	Date of Allotment	Amount ₹ Lakh	Non-Current Portion ₹ Lakh	Current Maturities ₹ Lakh	Interest Rate % p.a	Redeemable Terms
A of FY 2012-13	₹ 10 Lakh each	March 21, 2013	5,000.00	5,000.00	-	9.842%	Redeemable at par on April 2, 2015
B of FY 2012-13	₹ 10 Lakh each	March 22, 2013	5,000.00	5,000.00	-	9.71%	Redeemable at par on March 20, 2015
C of FY 2012-13	₹ 10 Lakh each	March 26, 2013	2,500.00	2,500.00	-	9.71%	Redeemable at par on March 26, 2015
Total			12,500.00	12,500.00	-		

Note:

Security: The Debentures are secured by way of first/second charge, having *pari passu* rights, as the case may be, on the Company's specified immovable properties and specified term loan receivables.

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

Term Loans From Banks

Repayment Terms	Tenure	Non-Current Portion ₹ Lakh	Current Maturities ₹ Lakh
Bullet	0 to 6 months	-	-
	7 to 12 months	-	-
	up to 5 years	10,000.00	-
Quarterly	0 to 6 months	-	19,453.00
	7 to 12 months	-	30,000.00
	up to 5 years	-	-
Total		10,000.00	49,453.00

Note: Term loan from banks is secured by hypothecation of term loan receivables.

5 Long-term provisions

	(₹ Lakh)	
	As at March 31, 2013	As at March 31, 2012
Contingent provision against standard assets	188.00	175.00
Provision for gratuity	2.60	-
Total	190.60	175.00

6 Short-term borrowings

	(₹ Lakh)	
	As at March 31, 2013	As at March 31, 2012
Secured		
Bank overdraft cash credit facility	-	125.10
Term loan from banks	10,000.00	-
Unsecured		
Commercial Papers	100,000.00	10,000.00
Less: Unamortised discounting charge	1,242.81	98,757.19
Inter-Corporate Borrowing	2,286.72	167.92
Total	111,043.91	37,399.85

Notes forming part of Financial Statements: March 31, 2013

Secured - Term loan from banks

Repayment Terms	Tenure	₹ Lakh
Bullet	0 to 6 months	10,000.00
	7 to 12 months	-
	up to 5 years	-
Quarterly	0 to 6 months	-
	7 to 12 months	-
	up to 5 years	-
Total		10,000.00

Note: Term loan from banks is secured by hypothecation of term loan receivables.

Unsecured - Inter Corporate Borrowing

Particulars	Relation	Date of Financing	Amount ₹ Lakh	Date of Redemption	Redeemable Terms
L&T Capital Company Limited	Fellow Subsidiary	August 8, 2012	35.00	August 8, 2013	Bullet
		December 31, 2012	890.00	December 31, 2013	Bullet
		January 1, 2013	600.00	January 1, 2014	Bullet
		January 18, 2013	195.00	January 18, 2014	Bullet
		July 31, 2012	264.10	July 31, 2013	Bullet
		March 19, 2013	60.00	March 19, 2014	Bullet
L&T Finace Limited	Fellow Subsidiary	March 22, 2013	242.62	April 22, 2013	Bullet
			2,286.72		

7 Other Current Liabilities

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Advance from customer	1,887.24	-
Interest Payable	51.41	45.57
TDS Payable	31.25	27.89
Bank book credit balance	1,607.30	-
Others Liabilities	103.69	40.53
Total	3,680.89	113.99

8 Short-term provisions

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Contingent provision against standard assets	312.00	300.00
Provision for		
- Gratuity	0.02	-
- Leave encashment	3.11	-
Total	315.13	300.00

Notes forming part of Financial Statements: March 31, 2013

9 Fixed Assets

₹ Lakh

	Gross Block (At cost)			Depreciation			Net Block		Lease Adjustment	Net Block after Lease Adjustment	
	As at April 01, 2012	Additions	Deductions	As at March 31, 2013	Up to March 31, 2012	For the year	Deductions	up to March 31, 2013		As at March 31, 2013	As at March 31, 2012
Tangible assets											
Owned assets											
Building	8.33	-	-	8.33	1.74	0.14	-	1.88	-	6.45	6.59
Office Equipments	-	17.22	-	17.22	-	0.15	-	0.15	-	17.07	-
Lease hold renovation	-	861.09	-	861.09	-	71.76	-	71.76	-	789.33	-
'A'	8.33	878.31	-	886.64	1.74	72.05	-	73.79	-	812.85	6.59
Assets given on lease											
Building	1,061.33	-	-	1,061.33	350.64	-	-	350.64	710.69	-	-
Plant and machinery	40,638.88	-	-	40,638.88	17,720.67	-	-	17,720.67	22,918.21	-	-
'B'	41,700.21	-	-	41,700.21	18,071.31	-	-	18,071.31	23,628.90	-	-
'C' = 'A' + 'B'	41,708.54	878.31	-	42,586.85	18,073.05	72.05	-	18,145.10	23,628.90	812.85	6.59
Intangible asset											
Software	-	52.86	-	52.86	-	13.74	-	13.74	-	39.12	-
'D'	-	52.86	-	52.86	-	13.74	-	13.74	-	39.12	-
'C' + 'D'	41,708.54	931.17	-	42,639.71	18,073.05	85.79	-	18,158.84	23,628.90	851.97	6.59
Previous year	41,708.54	-	-	41,708.54	18,072.91	0.14	-	18,073.05	23,628.90	-	-
Add: Capital work-in-progress										-	432.01
										851.97	438.60

Notes forming part of Financial Statements: March 31, 2013

10 Deferred tax assets (net)

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income', the Company has provided for deferred tax asset (net) in the Statement of Profit and Loss on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Deferred tax liability	-	-
Deferred tax assets		
Difference between book depreciation and tax depreciation	665.65	-
Provision for Non Performing Asset	383.12	-
Provision for standard assets	169.95	-
Provision for gratuity and leave encashment	0.45	-
Net deferred tax (liability)/assets	1,219.17	-

11 Long-term loans and advances towards financing activities

(₹ Lakh)

	Non-Current Portion		Current Maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Term loans - Considered good				
Secured	84,771.87	60,486.72	63,834.12	63,125.19
Less: Allowance for non performing assets	1,080.36	-	-	-
Total	83,691.51	60,486.72	63,834.12	63,125.19
Unsecured	1,712.47	9,432.05	3,200.23	18,152.79
Less: Allowance for non performing assets	46.79	-	-	-
Total	1,665.68	9,432.05	3,200.23	18,152.79
Total	85,357.19	69,918.77	67,034.35	81,277.98

12 Other Long-Term Loans and Advances

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Security Deposits	3,152.19	3,152.00
Advance tax (net of provision)	421.56	163.10
Total	3,573.75	3,315.10

13 Trade receivable

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Unsecured		
Considered good		
Debts outstanding for a period exceeding six months	-	-
Other	5.42	5.42
Total	5.42	5.42

Notes forming part of Financial Statements: March 31, 2013

14 Cash and bank balances

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Balances with banks:		
in Current accounts	2,386.75	470.96
in Fixed deposit	5,000.00	-
Total	7,386.75	470.96

15 Short-term loans and advances towards financing activities

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Unsecured		
Term loans	53,256.71	37,189.30
Inter-corporate deposits	4,400.00	164.22
Total	57,656.71	37,353.52

16 Other Current assets

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Advance recoverable in cash or kind or for value to be received	39.10	17.66
Billed interest and other receivable	311.05	-
Receivable from related party	5,805.93	1,523.42
Accrued Interest	933.97	7.99
Total	7,090.05	1,549.07

17 Revenue from operations

(₹ Lakh)

	2012-13	2011-12
Term Loans and other financing activity	17,082.07	2,620.41
Lease Rentals	44.00	44.00
Total	17,126.07	2,664.41

18 Other income

(₹ Lakh)

	2012-13	2011-12
Business Support Charges	14.00	166.77
Dividend on short-term investments	245.41	107.87
Profit on sale of investment	17.26	16.66
Other	1.99	-
Total	278.66	291.30

Notes forming part of Financial Statements: March 31, 2013

19 Finance cost

	(₹ Lakh)	
	2012-13	2011-12
Interest on debentures	32.12	-
Interest on term loan from bank	8,666.57	848.77
Interest on inter-corporate borrowing	1,139.11	233.01
Commercial paper discounting charges	3,157.46	629.68
Interest on cash credit	8.77	10.50
Other finance charges	44.09	9.46
Total	13,048.12	1,731.42

20 Employee benefit expenses

	(₹ Lakh)	
	2012-13	2011-12
Salaries	24.70	-
Contribution to and provision for Provident fund	0.78	-
Gratuity fund	0.15	-
Compensated absences/Leave encashment	1.17	-
Total	26.80	-

21 Administration and other expenses

	(₹ Lakh)	
	2012-13	2011-12
Brokerage and service charges	13.94	66.67
Rent	-	67.51
Stamp duty	34.45	247.28
Registration charges	99.07	0.60
Rates and taxes	0.10	0.40
Repairs and maintenance	11.49	-
ROC filing fees	0.14	-
Auditors' remuneration		
Audit fees	1.50	1.50
Tax audit fees	0.75	0.75
Limited review fees/other services	2.53	3.99
Professional fees	26.82	33.37
Corporate support charges	147.64	18.70
Miscellaneous expenses	13.26	2.52
Total	351.69	443.29

22 Allowances and write-offs

	(₹ Lakh)	
	2012-13	2011-12
Contingent provision against standard assets	25.00	324.80
Allowance for non performing asset	1,127.16	-
Loss on foreclosure of loans	55.00	-
Total	1,207.16	324.80

Notes forming part of Financial Statements: March 31, 2013

23 Notes on Financial Statements

23.1 Employee Benefits

I. Defined Contribution Plans

The Company offers its employee defined contribution plans in the form of provident fund. Provident fund cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised charges of ₹ 0.78 lakh (Previous year ₹ Nil) for provident fund contribution in the Statement of Profit and Loss. The Company is in process of registering with Employee Provident Fund Organisation.

II. Defined Benefit Plans

The Company offers its employees defined benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The gratuity scheme is not funded. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Statement of Profit and Loss. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2013 in respect of Gratuity benefits:

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

	(₹ Lakh)	
	As at March 31, 2013	As at March 31, 2012
Present Value of Funded Obligations	-	-
Present Value of Unfunded Obligations	2.62	-
Net Liability	2.62	-
Amounts in Balance Sheet		
Liability	2.62	-
Assets	-	-
Net Liability is bifurcated as follows:		
Current	0.02	-
Non Current	2.60	-
Net Liability	2.62	-

b) The amounts recognised in the Statement of Profit and Loss are as follows:

	(₹ Lakh)	
	As at March 31, 2013	As at March 31, 2012
Current Service Cost	0.15	-
Total, included in "Employee Benefit Expense"	0.15	-

Notes forming part of Financial Statements: March 31, 2013

- c) Reconciliation of Benefit Obligation & Plan Assets for the period

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	-	-
Current Service Cost	0.15	-
Liability transfer from fellow subsidiary	2.47	-
Closing Defined Benefit Obligation	2.62	-

- d) Financial assumptions at the valuation date

	2012-13	2011-12
Discount Rate (per annum)	8.00%	-
Salary Escalation Rate (per annum)	6.00%	-

Since, it is a first year of unfunded gratuity scheme, particulars regarding experience adjustment and planned assets has not been disclosed.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

The contributions expected to be made by the Company during the financial year 2013-14 amounts to ₹ 0.15 lakh (Previous year ₹ Nil).

III. Leave Encashment:

The Company provides leave encashment benefit on all types of separation from the Company. It is calculated on the last basic salary drawn at the time of separation. Maximum leave encashment allowable at the time of separation is 180 days.

23.2 Segment Reporting : AS-17

Primary Segment (Business Segment)

The Company operates mainly in the business segment of fund based financing activity. The other business segment does not have income and/or assets more than 10% of the total income and/or assets of the Company. Accordingly, separate segment information for different business segments is not disclosed.

Secondary Segment (Geographical Segment)

The Company operates only in the domestic market. As a result separate segment information for different geographical segments is also not disclosed.

23.3 Related Party Disclosures: AS 18

- (a) List of Related Parties (with whom transactions were carried out during the current or previous year)

A. Ultimate Holding Company

1. Larsen & Toubro Limited

B. Holding Company

2. L&T Finance Holdings Limited

Notes forming part of Financial Statements: March 31, 2013

C. Fellow Subsidiary

3. L&T Finance Limited
4. L&T Infrastructure Finance Company Limited
5. L&T General Insurance Company Limited
6. L&T Housing Finance Limited
7. L&T Capital Company Limited
8. Family Credit Limited
9. Larsen & Toubro Infotech Limited
10. Ewac Alloys Limited
11. Hyderabad International Trade Expositions Limited

D. Key Management Personnel

Ms. Dipti Advani – Manager

(b) Disclosures of related Party Transaction:

		(₹ Lakh)	
Sr. No.	Nature of Transactions	2012-13	2011-12
1	Inter corporate deposit taken		
	- L&T Finance Holdings Limited	100,056.00	43,342.67
	- L&T Finance Limited	43,461.62	24,315.83
	- L&T Capital Company Limited	2,245.00	-
2	Interest paid on inter corporate deposits		
	- L&T Finance Holdings Limited	1,002.14	71.42
	- L&T Finance Limited	72.70	161.59
	- L&T Capital Company Limited	64.27	-
3	Inter corporate deposits given		
	- L&T Finance Holdings Limited	-	1,450.00
	- L&T Finance Limited	39,525.00	13,290.97
	- L&T Infrastructure Finance Company Limited	9,700.00	-
	- L&T Housing Finance Limited	5,000.00	-
	- Family Credit Limited	1,000.00	-
4	Short-term loan given		
	- L&T Housing Finance Limited	1,750.00	-
5	Interest income on inter corporate deposit/short term loan		
	- L&T Finance Holdings Limited	-	17.07
	- L&T Finance Limited	103.48	28.31
	- L&T Infrastructure Finance Company Limited	37.19	-
	- L&T Housing Finance Limited	39.05	-
	- Family Credit Limited	1.64	-

Notes forming part of Financial Statements: March 31, 2013

(₹ Lakh)

Sr. No.	Nature of Transactions	2012-13	2011-12
6	Equity shares issued (including share premium)		
	- L&T Finance Holdings Limited	9,999.91	20,000.00
7	Purchase of loan portfolio from		
	- L&T Finance Limited	82,979.46	281,143.76
8	Sale of loan portfolio to		
	- L&T Infrastructure Finance Company Limited	3,936.59	-
9	Rent recovered		
	- L&T Finance Limited	578.48	49.00
	- L&T General Insurance Company Limited	260.32	22.27
10	ESOP charges paid		
	- L&T Finance Holdings Limited	3.49	-
11	Management fees paid		
	- L&T Finance Holdings Limited	15.73	16.86
12	Support charges/overheads paid		
	- L&T Finance Ltd	137.08	-
	- Larsen & Toubro Limited	3.45	2.75
13	Other interest received		
	- L&T Finance Limited	-	485.05
14	Other expenses paid		
	- Larsen & Toubro Limited	1.10	-
15	Other expenses recovered		
	- L&T General Insurance Company Limited	-	102.15
16	Security deposit recovered		
	- L&T General Insurance Company Limited	-	1,350.00
17	Purchase of fixed asset		
	- Larsen & Toubro Infotech Limited	6.74	-

(c) Amount due to/from related parties:

(₹ Lakh)

Sr. No.	Nature of Transactions	2012-13	2011-12
1	Outstanding balance of inter-corporate deposit taken		
	- L&T Finance Holdings Limited	-	27,442.67
	- L&T Finance Limited	242.62	-
	- L&T Capital Company Limited	2,044.10	-
2	Interest accrued but not due on inter-corporate deposits given		
	- L&T Finance Limited	3.88	-
3	Interest accrued but not due on inter-corporate deposits taken		
	- L&T Finance Limited	0.55	-

Notes forming part of Financial Statements: March 31, 2013

(₹ Lakh)

Sr. No.	Nature of Transactions	2012-13	2011-12
4	Outstanding balance of inter-corporate deposits		
	- L&T Finance Limited	4,400.00	163.98
5	Account receivable		
	- L&T Finance Limited	5,810.84	49.00
	- L&T General Insurance Company Limited	-	1,474.42
6	Account payable		
	- L&T Finance Holdings Limited	0.26	60.75
	- L&T Finance Limited	-	15.41
	- Larsen & Toubro Limited	2.65	2.75
	- Larsen & Toubro Infotech Limited	1.52	-
7	Term Loan – outstanding balance		
	- Ewac Alloys Limited	720.00	-
	- Hyderabad International Trade Expositions Limited	1,740.86	-

Note: Transactions shown above are inclusive of Service Tax, if any.

23.4 Operating Lease:

Assets taken on lease:

The Company has taken premises on non-cancellable operating lease. Lease payments includes ₹ nil (previous year ₹ 67.51 lakh) recognised in the Statement of Profit and Loss. Rent recognized is net off recovery from group companies. The committed minimum lease payments are as follows:

(₹ Lakh)

Particulars	Lease Payments	
	2012-13	2011-12
- Within one year	720.00	720.00
- Later than one year and not later than five years	3,153.72	2,880.00
- Over five years	691.52	1,440.00
Total	4,565.24	5,040.00

23.5 Earnings per share:

Particulars		2012-13	2011-12
Basic			
Profit after tax as per Statement of Profit and Loss (₹ Lakh)	A	3,161.34	321.06
Weighted average number of equity shares outstanding	B	170,347,835	101,248,947
Basic EPS (₹)	A/B	1.86	0.32
Diluted			
Profit after tax as per Statement of Profit and Loss (₹ Lakh)	A	3,161.34	321.06
Weighted average number of equity shares outstanding	B	170,347,835	101,248,947
Add: Weighted average number of equity shares on account of share application money	C	564,056	755,786
Weighted average number of shares outstanding for diluted EPS	D=B+C	170,911,891	102,004,733
Diluted EPS (₹)	A/D	1.85	0.31
Nominal Value (₹)		10.00	10.00

Notes forming part of Financial Statements: March 31, 2013

23.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2013. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the Company.

23.7 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), the details of the stock options granted to the employees of the Company are as under:

(₹ Lakh)

Company	Status	Incurred during the year
L&T Finance Holdings Limited	Holding Company	3.48 (Nil)

(Previous year figure in bracket)

23.8 The Company has following contingent liability/ commitments as on March 31, 2013:

(₹ Lakh)

	As at March 31, 2013	As at March 31, 2012
Income Tax matter in dispute	16.66	-
Undisbursed Commitment *	1,027.00	-

* This disclosure is given pursuant to the notification no. DNBS.CC.PD.No.252/03.10.01/2011-12 dated 26th Dec, 2011 issued by Reserve Bank of India.

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

LIABILITY SIDE:

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

(₹ Lakh)

	Particular	Amount Outstanding	Amount Overdue
(a)	Debentures:		
	- Secured	12,500.00	-
	- Unsecured	-	-
	(Other than falling within the meaning of Public Deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	69,453.00	-
(d)	Inter-Corporate Loans and borrowings	2,286.72	-
(e)	Commercial Paper (net of unamortised discounting charges)	98,757.19	-
(f)	Other Loans	-	-
(g)	Lease Finance	-	-
(h)	Accrued interest on above borrowings (a to g)	50.92	-

Notes forming part of Financial Statements: March 31, 2013

ASSET SIDE:

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

(₹ Lakh)

		Amount Outstanding
(a)	Secured	147,525.64
(b)	Unsecured	62,522.62

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

(₹ Lakh)

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

4. Break-up of Investments

(₹ Lakh)

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

Notes forming part of Financial Statements: March 31, 2013

(₹ Lakh)

		Amount Outstanding
LONG-TERM INVESTMENTS		
1. Quoted		
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
2. Unquoted		
	(i) Shares: (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify) Sec deposits & share application money	-

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

(₹ Lakh)

		Secured	Unsecured
1.	Related Parties		
	(a) Subsidiaries		
	(b) Companies in the same group	-	4400.00
	(c) Other related parties	-	-
2.	Other than related parties	147,525.64	58,122.62
Total		147,525.64	62,522.62

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

(₹ Lakh)

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

Notes forming part of Financial Statements: March 31, 2013

7. Other Information

		(₹ Lakh)
Particulars		Amount
(i)	Gross Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	9,335.57
(ii)	Net Non-Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	8,208.41
(iii)	Assets acquired in satisfaction of debt	-

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

1) Capital Risk Adequacy Ratio (CRAR):

Items	2012-13	2011-12
i) CRAR (%)	18.93%	15.62%
ii) CRAR – Tier I Capital (%)	18.70%	15.38%
iii) CRAR – Tier II Capital (%)	0.23%	0.24%

2) Exposures:

Exposure to Real Estate Sector

		(₹ Lakh)	
Category		2012-13	2011-12
A) DIRECT EXPOSURE			
(i) Residential Mortgages -		Nil	Nil
	Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)		
(ii) Commercial Real Estate -		Nil	Nil
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		Nil	Nil
a.	Residential		
b.	Commercial Real Estate		
B) INDIRECT EXPOSURE		Nil	Nil
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		

Notes forming part of Financial Statements: March 31, 2013

3) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

(₹ Lakh)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	2,500.00	-	18,203.81	11,250.00	27,500.00	10,000.00	-	-	69,453.81
Market borrowings	10,000.00	82,000.00	5,000.00	1,757.00	2,286.10	12,500.00	-	-	113,543.10
Assets:									
Advances	22,843.22	28,506.87	25,050.12	24,615.49	23,675.36	68,235.73	15,547.96	1,573.49	210,048.24
Investments	-	-	-	-	-	-	-	-	-

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

As per our report attached

For and on behalf of Board of Directors of L&T FinCorp Limited

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

Dinanath Dubhashi
Director

Suneet K. Maheshwari
Director

Milind P. Phadke
Partner
Membership No. 033013

Dipti Advani
Manager

Mumbai, April 22, 2013

Mumbai, April 22, 2013