



Refinancing PPP Infrastructure Projects

Annual Report 2013-2014



L&T Infra Debt Fund

Image on front and back: Islamnagar – Kadthal stretch – 4 Lane (NH7 Hyderabad – Nagpur Section in Andhra Pradesh)
Implemented by Patel KNR Heavy Infrastructures Ltd (20 year concession with National Highways Authority of India – NHAI)

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the First Annual Report of your Company with the audited accounts for the period ended March 31, 2014.

FINANCIAL RESULTS

The summarized financial results of your Company are given hereunder:

Particulars	(₹ in Lakh)
	For the period ended March 31, 2014
Gross Income	2,729.59
Other Expenses	381.46
Profit before Tax/(Loss)	2,348.13
Provision for Tax	460.00
Profit after Tax(Loss)	1,888.13
Balance available for appropriation	1,888.13
Appropriations:	
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934	378.00
Surplus in the Statement of Profit and Loss	1,510.13

APPROPRIATIONS

The Company proposes to transfer ₹ 378 lakhs to Special Reserve created u/s 45 – IC of Reserve Bank of India Act, 1934 and retain ₹ 1,510.13 lakhs in the Statement of Profit and Loss of the Company.

PERFORMANCE OF THE COMPANY

In order to accelerate and enhance the flow of long term debt to infrastructure projects in India, the Union Finance Minister, in his Budget speech for 2011-12, had announced the setting up of Infrastructure Debt Funds (IDFs). The Government of India (GoI) and regulators have announced the broad structure, eligibility criteria for Sponsors, Income Tax benefits and inherent credit enhancement mechanisms.

Pursuant to the said regulative framework, your Company was incorporated and is registered* with the Reserve Bank of India (RBI) as an Infrastructure Debt Fund – Non Banking Financial Company (IDF-NBFC). The Company is in the business of offering debt refinance solutions to operational infrastructure Public Private Partnership (PPP) projects which have completed at least

1 year of satisfactory operations in sectors including Road, Port, Airport and Urban Infrastructure. The year represents the maiden year of its operations.

*Statutory disclaimer

“RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the company or for the correctness of any of the statements or representations made or opinions expressed by the company and for discharge of liabilities by the company.

Neither is there any provision in law to keep, nor does the company keep any part of the deposits with the Reserve Bank and by issuing the Certificate of Registration to the Company, the Reserve Bank neither accepts any responsibility nor guarantees for the payment of the deposit amount to any depositor.”

The Company has commenced operations in November 2013 and approved debt assistance of ₹ 176 crore in FY'14. During the year under review, your Company has earned ₹ 2,729.59 lakhs, which represents interest income on the capital funds invested in liquid deposits with various banks for short tenor. The Company expects increased approvals and consequently disbursements resulting in a steady stream of business income from FY'15.

RESOURCES

L&T Infrastructure Finance Company Limited, being the Sponsor of the Company, has subscribed to 48% stake in the Company, with the balance stake owned by fellow subsidiary companies along with L&T Finance Holdings Limited.

The paid up capital of your Company as at March 31, 2014 is ₹ 304 Crore.

The Company expects to raise additional capital in the forthcoming year based on its requirements.

FIXED DEPOSITS

The Company being a Non Deposit taking Non Banking Financial Company ('NBFC') has not accepted any deposits from the public during the year under review.

DIRECTORS

Pursuant to Sec 152 (1) of the Companies Act, 2013 (the “Act”), the first Directors appointed by the

Company should be duly appointed by the Shareholders of the Company. Accordingly, Mr. Y. M. Deosthalee, Mr. N. Sivaraman and Mr. Suneet K. Maheshwari, first Directors of the Company hold office till the ensuing Annual General Meeting.

During the year, the Board of Directors has appointed Mr. Arun Ramanathan as an Additional Director. Accordingly, he holds office till the ensuing Annual General Meeting.

Pursuant to Section 160 of the Act, a notice had been received by the Company from a member signifying its intention to propose the candidature of Mr. Y. M. Deosthalee, Mr. N. Sivaraman, Mr. Suneet K. Maheshwari and Mr. Arun Ramanathan for the office of Director of the Company.

Prior to coming into force of Section 149 of the Act, one of the Company's Directors, Mr. Arun Ramanathan was categorized as Independent Director in terms of the definition contained in the Equity Listing Agreement, though the Company did not have its equity shares listed.

The provisions of Section 149(4) of the Act pertaining to the appointment of Independent Directors, have been notified by the Ministry of Corporate Affairs with effect from April 1, 2014. Pursuant to coming into force of Section 149 of the Act from April 1, 2014, the Company has re-assessed the status of its Directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Act. Accordingly, Mr. Arun Ramanathan fulfils the criteria laid out in Section 149(6) of the Act in this regard.

Section 149(10) of the Act restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. Accordingly, it is proposed to appoint Mr. Ramanathan as an Independent Director to hold office for a period up to March 31, 2019.

CORPORATE GOVERNANCE:

It shall always be the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. The Corporate Governance Report is furnished as Annexure A to this Report.

AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, who are the Statutory Auditors of the Company, hold

office until the conclusion of the ensuing Annual General Meeting and are recommended for appointment. They have confirmed that their re-appointment, if made, will comply the eligibility criteria in terms of Section 141(3) of the Act.

The Ministry of Corporate Affairs has on March 26, 2014 notified the provisions of Section 139 of the Act, for appointment of Auditors, which is effective from April 1, 2014. Pursuant to Section 139(2) of the Act and the rules made hereunder, no unlisted public company having paid up share capital more than ₹ 10 crore shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, the aforesaid appointment is subject to ratification by Members of the Company at every Annual General Meeting ("AGM").

The period of ten years (two terms of five years each) has to be calculated from the date of appointment of the auditors. Further, the proviso to Section 139(2) stipulates that every company existing on or before the commencement of the Act has to comply with the requirements of this section within three years from the date of commencement of this Act.

As the firm has been the auditors of the Company for a financial year, the Audit Committee and Board of Directors have recommended the re-appointment of M/s. Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for a period of four years being the balance period of the first term in accordance with the provisions of Section 139(2) of the Act.

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 in this category during the year.

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

In view of the nature of activities which are being carried on by your 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 your Company.

There were no Foreign Exchange earnings or outgo during the period.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, confirm that:

- 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 the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- 3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the annual accounts have been prepared on a going concern basis; and
- 5) proper systems are in place to ensure compliance of all laws applicable to the Company.

AUDITORS' REPORT

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-

explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

RESERVE BANK OF INDIA (RBI) GUIDELINES

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

ACKNOWLEDGEMENT

Your Directors wish to thank your Company's clients and business associates for their support towards the growth of your Company. Your Directors also wish to thank the Central and State Governments, Reserve Bank of India and other Regulatory/ Government Authorities and Rating Agencies for their support.

For and on behalf of the Board of Directors

Arun Ramanathan
Chairman

Y.M. Deosthalee
Director

Place: Mumbai
Date: April 22, 2014

Annexure 'A' to Directors' Report

Corporate Governance Report

BOARD OF DIRECTORS

The Board of Directors along with its Committees provides leadership and guidance to your Company's management and directs, supervises and controls the activities of your Company. All the members of the Board of your Company are non-executive. At present, the Board comprises four Directors viz. Mr. Arun Ramanathan, Mr. Y. M. Deosthalee, Mr. N. Sivaraman and Mr. Suneet K. Maheshwari. Mr. Arun Ramanathan was appointed as the Non-Executive Chairman of the Board during the year. Mr. Deosthalee is the Chairman & Managing Director of L&T Finance Holdings Limited (LTFH), Holding Company, while Mr. Sivaraman is the President & Whole-time Director of the same company. Mr. Suneet K. Maheshwari is a Director of L&T Infrastructure Finance Company Limited, and is holding a senior position in LTFH.

Mr. Shiva Rajaraman is the Manager & Chief Executive of your Company and functions under the supervision and control of the Board of Directors.

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 seven core Committees constituted by the Board in this connection are:

- Audit Committee
- Committee of Directors
- Asset-Liability Management Committee
- Credit Committee
- Nomination and Compensation Committee
- Risk Management Committee
- Corporate Social Responsibility Committee

Separation of Offices of Chairman and Chief Executive

The roles and offices of the Chairman and Chief Executive are separated. Mr. Arun Ramanathan is the Non-Executive Chairman of the Board whereas Mr. Shiva Rajaraman is the Manager & Chief Executive of your Company.

REMUNERATION OF DIRECTORS

The Directors on the Board who are in the services of

LTFH draw remuneration from that company. The other Director on the Board is paid sitting fees for attending the meetings of the Board and/or any committee thereof and commission on net profits.

INDEPENDENT DIRECTORS

Mr. Y. M. Deosthalee, Mr. N. Sivaraman and Mr. Suneet K. Maheshwari are associated with LTFH.

Mr. Arun Ramanathan was Independent Director during the year ended March 31, 2014.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into force on April 1, 2014, Mr. Arun Ramanathan meets the criteria for independence laid out in Section 149(6) of the Act.

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

Your Company has apprised its Board members about the restriction on number of other directorships and they have confirmed Compliance with the same.

RESPONSIBILITIES OF THE BOARD

Presentations to the Board reflect all key areas including business prospects, budgets, business strategy & operations, asset quality and financial results. Directors are also updated about their respective roles and responsibilities.

Your Company ensures provision of necessary perspective 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 all relevant information in a form and of a quality appropriate to effectively enable/discharge his duties. The Directors are given time to study the information 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 attributes required of prospective candidates for election to the Board.

The systems of risk assessment and compliance with statutory requirements are in place.

Internal Auditors

The Internal Audit Department of L&T Finance Limited provides Internal Audit services to your Company.

Internal Control

The Board ensures the effectiveness of your Company's

system of internal controls including financial, operational and compliance controls and risk management systems.

Disclosures

During the financial year ended March 31, 2014:

- There was no materially significant related party transaction with the Directors that had a potential conflict with the interests of your Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Though not applicable, your Company generally ensures adherence to the various mandatory and non-mandatory requirements of Corporate Governance norms as prescribed by Clause 49 of the Equity Listing Agreement.

- During the year, the Companies Act, 2013 had received assent from the President of India on August 29, 2013. Thereafter, the Ministry of Corporate Affairs, Government of India has progressively notified various sections starting from the date, September 12, 2013, some of sections having effect during the year. Till date, MCA have notified several sections, and the Company is geared up to implement all of them.

For and on behalf of the Board of Directors

Arun Ramanathan Chairman	Y.M. Deosthalee Director
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Mumbai, April 22, 2014

Independent Auditors' Report

TO THE MEMBERS OF

L&T INFRA DEBT FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T INFRA DEBT FUND LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period commencing on March 19, 2013 and ending on March 31, 2014 ("the period"), 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 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 control relevant to the Company's preparation and

fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of 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 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:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31st March,

2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Sanjiv V. Pilgaonkar)
(Partner)
(Membership No.
39826)

MUMBAI, April 22, 2014

Annexure To The Auditors' Report

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirement of even date)

- (i) Having regard to the nature of the Company's business/ activities during the period, clauses (i), (viii), (x), (xi), (xii), (xiii), (xiv), (xvi), (xvii), (xix), (xx) of paragraph of 4 of CARO are not applicable.
- (ii) In our opinion and according to the information and explanations given to us the Company does not hold any inventory.
- (iii) The Company has neither granted nor taken loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 sale of services. The nature of the Company's business is such that it does not involve any sale of goods or purchase of inventory. Further, during the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there have been no contracts or arrangements during the period that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) 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 Income Tax, Service Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there were no sums payable during the period on account of Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Custom Duty, Excise Duty and corresponding Cess.
- (b) There were no undisputed amounts payable in respect of Income Tax, Service Tax and Cess and other material dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and Cess which have not been deposited on account of any dispute as on 31st March, 2014.
- (ix) In our opinion and according to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
- (x) According to the information and explanations given to us, during the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

(Sanjiv V. Pilgaonkar)
(Partner)

(Membership No. 39826)

MUMBAI, April, 2014

Balance Sheet as at March 31, 2014

(₹ in Lakh)

A. EQUITY AND LIABILITIES	Note No.	As at 31-03-2014
1. Shareholders' funds		
Share capital	2	30,400.00
Reserves and surplus	3	1,888.13
		32,288.13
2. Current liabilities		
Trade payables	4	15.22
Other current liabilities	5	5.14
		20.36
Total equity and liabilities		32,308.49
B. ASSETS		
1. Non - current assets		
Long - term loans and advances	6	61.00
		61.00
2. Current assets		
Cash and bank balances	7	32,121.20
Short term loans and advances	8	34.71
Other current assets	9	91.58
		32,247.49
Total assets		32,308.49
See accompanying notes forming part of the financial statements	1 to 17	

In terms of our report attached

For and on behalf of Board

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Y. M. Deosthalee
Director

N. Sivaraman
Director

Suneet K. Maheshwari
Director

Shiva Rajaraman
Manager

Mumbai, April 22, 2014

Mumbai, April 22, 2014

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

(₹ in Lakh)

		For the period from 19-03-2013 to 31-03-2014
A. INCOME:		
1.	Revenue from operations	-
2.	Other income	2,729.59
3.	Total income (1+2)	2,729.59
B. EXPENSES:		
	Other expenses	381.46
4.	Total expenses	381.46
5.	Profit before tax (3-4)	2,348.13
6.	Tax expenses:	
	Current tax	460.00
	Deferred tax	-
	Total provision for tax	460.00
7.	Profit after tax / balance carried to Balance Sheet (5-6)	1,888.13
	Earnings per equity share (not annualised)	
	Basic earnings per equity share(₹)	0.62
	Diluted earnings per equity share (₹)	0.62
	Face value per equity share (₹)	10.00
	See accompanying notes forming part of the financial statements	1 to 17

In terms of our report attached

For and on behalf of Board

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Y. M. Deosthalee
Director

N. Sivaraman
Director

Suneet K. Maheshwari
Director

Shiva Rajaraman
Manager

Mumbai, April 22, 2014

Mumbai, April 22, 2014

Cash Flow Statement for the year ended March 31, 2014

(₹ in Lakh)

	For the period from 19-03-2013 to 31-03-2014
A Cash flow from operating activities:	
Profit Before Taxation	2,348.13
Adjustment for:	
Share issue expenses	200.06
Operating profit before working capital changes:	2,548.19
Adjustment for:	
Increase in trade payables	15.22
Increase in other current liabilities	5.14
Decrease in long term loans and advances	(10.04)
Decrease in short term loans and advances	(34.71)
Decrease in other assets	(91.58)
Cash generated from operations	2,432.22
Direct taxes paid	(510.96)
A Net cash flow from operating activities (A)	1,921.26
B Cash flows from investing activities:	
Term deposits having an original maturity of more than 3 months	
- Placed	(30,000.00)
- Matured	30,000.00
Net cash from / (used in) investing activities (B)	-
C Cash flows from financing activities:	
Proceeds from issue of share capital	30,400.00
Share issue expenses	(200.06)
Net cash generated from / (used in) financing activities (C)	30,199.94

Notes forming part of Financial Statements - March 31, 2014

(₹ in Lakh)

	For the period from 19-03-2013 to 31-03-2014
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	32,121.20
Cash and cash equivalents as at beginning of the period	-
Cash and cash equivalents as at end of the period (refer note below)	32,121.20
Net (Decrease)/Increase in cash and cash equivalents	32,121.20

See accompanying notes forming part of the financial statements 1 to 18

Foot notes:

1. Cash and bank balances reconciliation	
Cash and bank balance as at March 31, 2014	32,121.20
Less: Term deposits with original maturity greater than 3 months	-
Cash and cash equivalents as at March 31, 2014	32,121.20
2. Net cash used in operating activity is determined after adjusting the following	
Interest received	2,638.02

In terms of our report attached

For and on behalf of Board

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Y. M. Deosthalee
Director

N. Sivaraman
Director

Mumbai, April 22, 2014

Suneet K. Maheshwari
Director
Mumbai, April 22, 2014

Shiva Rajaraman
Manager

Note – 1 Brief profile and significant accounting policies

A. Brief Profile :

L&T Infra Debt Fund Limited (the “Company”) has been incorporated under the Companies Act, 1956 on 19th March 2013 to carry out the business of a specialized financial institution classified as an Infrastructure Debt Fund – Non - Banking Financial Company (IDF-NBFC) under the Infrastructure Debt Fund – Non-Banking Financial Companies (Reserve Bank) Directions, 2011 of the Reserve Bank of India (“RBI”). The Company is approved as IDF -NBFC on 21st October, 2013.

B. Significant Accounting Policies:

I. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956, (the “1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (the “2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable and relevant provision thereof along with applicable guidelines issued by Reserve Bank of India (“RBI”). The financial statements have been prepared on accrual basis under the historical cost convention.

II. 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. Any change in such estimates is recognised prospectively.

III. Revenue Recognition

Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield.

IV. Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss, on a straight line basis, over the lease term.

V. Taxes on Income

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

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

VI. 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.

VII. Cash Flow Statement

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standard on Cash Flow Statements (AS) 3.

VIII. 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.

IX. Earnings per share

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

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

X. Share and Debenture Issue Expenses

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

Note 2: Share capital

	As at March 31, 2014	
	Number	(₹ in lakh)
Authorised		
Equity shares of ₹ 10 each	600,000,000	60,000.00
Preference shares of ₹ 1,000,000 each	2,000	20,000.00
Issued, Subscribed & Paid up shares		
Equity shares of ₹ 10 each	304,000,000	30,400.00
Total Issued, Subscribed & Paid up shares capital	304,000,000	30,400.00

(I) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting period / year

	As at March 31, 2014	
	Number	(₹ in lakh)
Shares outstanding at the beginning of the period / year	-	-
Shares issued during the period / year	304,000,000	30,400.00
Shares outstanding at the end of the period / year	304,000,000	30,400.00

(II) Terms/rights attached to equity shares

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

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, 2014

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

	As at March 31, 2014	
	Number	(₹ in lakh)
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its beneficially nominees.	304,000,000	30,400.00

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

	As at March 31, 2014	
	Number	(₹ in lakh)
Equity Shares of ₹ 10 each fully paid held by L&T Infrastructure Finance Company Limited	147,000,000	14,700.00
L&T Finance Holdings Limited	71,000,000	7,100.00
L&T Finance Limited	20,000,000	2,000.00
L&T FinCorp Limited	43,000,000	4,300.00
Family Credit Limited	22,999,996	2,300.00

Note 3: Reserves and surplus

(₹ in Lakh)

(I) Reserve u/s 45-IC of Reserve Bank of India Act, 1934

	As at March 31, 2014
Opening balance	-
Add : Transferred from surplus in the Statement of Profit and Loss	378.00
Closing balance	378.00

(II) Surplus in the Statement of Profit and Loss

Opening balance	-
Add : Profit for the period	1,888.13
Less: Transfer to reserve u/s. 45-IC of Reserve Bank of India Act, 1934	378.00
Closing balance	1,510.13
Total reserves and surplus	1,888.13

Notes forming part of Financial Statements - March 31, 2014

Note 4 : Trade payables

For services	(₹ in Lakh)
	As at March 31, 2014
Sundry Creditors for expenses (Other than Micro and Small Enterprises)	15.22
	15.22

Note: On the basis of replies received by the Company in response to enquiries made, there are no dues payable at the year end to Micro, Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 1956 or the Micro, Small and Medium Enterprises Development Act, 2006.

Note 5: Other current liabilities

	(₹ in Lakh)
	As at March 31, 2014
Statutory liabilities	2.89
Accrued expenses	2.25
Total other current liabilities	5.14

Note 6: Long-term loans and advances

	(₹ in Lakh)
	As at March 31, 2014
Others (Unsecured - considered good):	
Advance income taxes (net of provision of ₹ 460.00 lakhs)	50.96
Security deposit	2.41
Service tax credit receivable	7.63
Total other long term loans and advances - others	61.00

Note 7: Cash and bank balances

	(₹ in Lakh)
	As at March 31, 2014
Cash and cash equivalents as defined in AS - 3	
Cash on hand	0.05
Balances with Banks	-
In Current Account	69.93
In Other deposits accounts (with original maturity of less than 3 months)	32,051.22
Total cash and Bank Balance	32,121.20

Notes forming part of Financial Statements - March 31, 2014

Note 8: Short term loans and advances

	(₹ in Lakh)
	As at March 31, 2014
(Unsecured, considered good)	
Prepaid expenses	34.71
Total Short term loans and advances	34.71

Note 9: Other current assets

	(₹ in Lakh)
	As at March 31, 2014
(Unsecured, considered good)	
Accrued interest on fixed deposits	91.58
Total other current assets	91.58

Note 10: Other income

	(₹ in Lakh)
	For the period from 19-03-2013 to 31-03-2014
Interest on bank deposits	2,729.59
Total other income	2,729.59

Note 11: Other expenses

	(₹ in Lakh)
	For the period from 19-03-2013 to 31-03-2014
Bank Charges	0.05
Directors Sitting fees	0.21
Commission to non executive director	2.25
Demat Charges	0.22
Stamp Duty	82.46
ROC Filling Fees	200.06
Professional Fees	87.97
Rent	2.13
Auditor's Remuneration	5.93
Miscellaneous expenses	0.18
Total other expenses	381.46

Notes forming part of Financial Statements - March 31, 2014

Note: Auditors' Remuneration comprises the following (net of service tax set off):

(₹ in Lakh)

Particulars	For the period from 19-03-2013 to 31-03-2014
As auditors	2.00
For tax audit	0.50
Other service	3.13
Service tax on above	0.30
	5.93

12. Contingent liabilities and commitments to the extent not provided for : Nil

13. Related party disclosures :

(a) List of related parties and relationship

A. Ultimate holding company:

1. Larsen & Toubro Limited

B. Holding company :

1. L&T Finance Holdings Limited

C. Fellow subsidiary company :

1. L&T Infrastructure Finance Company Limited

2. L&T Finance Limited

3. L&T FinCorp Limited

4. FamilyCredit Limited

5. L&T Vrindavan Properties Limited

(b) Related party transactions

Sr. No.	Nature of Transactions	Amount (₹ in Lakh)
1	Equity capital infused by:-	
	• L&T Infrastructure Finance Company Limited	14,700.00
	• L&T Finance Holdings Limited	7,100.00
	• L&T Finance Limited	2,000.00
	• L&T FinCorp Limited	4,300.00
	• FamilyCredit Limited	2,300.00
2	Security deposit paid to	
	• L&T Vrindavan Properties Limited	2.41
3	Lease rental charges	
	• L&T Vrindavan Properties Limited	2.13
4	Reimbursement of expenses	
	• L&T Infrastructure Finance Company Limited	35.09
5	Preliminary expenses paid by	
	• L&T Infrastructure Finance Company Limited	280.40

Notes forming part of Financial Statements - March 31, 2014

14. The Company has taken certain premises under operating leases. Rent includes net expenses of ₹ 2.13/- lakhs. The committed lease rentals in the future are:

Particulars	(₹ in Lakh)
Not later than one year	4.82
Later than one year and not later than five years	19.28
Later than five years	51.00

15. Earnings per share (not annualised):

Basic and Diluted	For the period ended March 31, 2014
Profit after tax for the period (₹ in Lacs)	1,888.13
Weighted average number of equity shares for computation of Basic earnings per share	304,000,000
Weighted average number of equity shares for computation of diluted earnings per share	304,000,000
Number of equity shares outstanding	304,000,000
Basic earnings per share (₹)	0.62
Diluted earnings per share (₹)	0.62
Nominal Value of Shares (₹)	10

16. The Company's main business is to provide finance for infrastructure projects. 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' prescribed by the Companies (Accounting Standards) Rules, 2006.

17. Appropriations to the Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934 are carried out of distributable profits of the Company.

18. The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of RBI circular (Ref. No. DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated July 2, 2012.)

(i)	Capital to Risk Assets Ratio (CRAR)	For the period 19.03.2013 to 31.03.2014
	CRAR (%)	25,087.89%
	CRAR - Tier I Capital (%)	25,087.89%
	CRAR - Tier II Capital (%)	-

(ii)	Exposure to Real Estate Sector	For the period 19.03.2013 to 31.03.2014
	a) Direct Exposure	
	Residential Mortgages	Nil
	Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks)	Nil
	Commercial Real Estate	Nil
	Investment in Mortgage Backed Securities(MBS) and other securitised exposures	Nil
	b) Indirect Exposure	Nil

Notes forming part of Financial Statements - March 31, 2014

(iii) Maturity pattern of certain items of assets and liabilities ₹ in Lakhs									
	One month	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Market Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Assets									
Advance	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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) Directions, 2007)

Liability Side:

- Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:

Particular	Amount outstanding	Amount overdue
	(₹ in Lakh)	(₹ in Lakh)
(a) Debentures :		
Secured	Nil	Nil
Unsecured	Nil	Nil
(Other than falling within the meaning of public deposits)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans		
i) Foreign Currency Loan	Nil	Nil
ii) Bank Overdraft, Cash credit & Working Capital Demand Loan	Nil	Nil

* Please see footnote (1) below

Notes forming part of Financial Statements - March 31, 2014

Asset Side:

2. Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]

Particular	Amount outstanding
	(₹ in Lakh)
(a) Secured	Nil
(b) Unsecured	Nil

3. Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities

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

4. Break-up of Investments

Particulars	Amount outstanding
	(₹ in Lakh)
Current Investments	
1. Quoted	Nil
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil

2. Unquoted :	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others	2.41

Long Term Investments	Amount outstanding
	(₹ in Lakh)
1. Quoted	
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil

2. Unquoted :	Nil
(i) Shares: (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others	Nil

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

(see footnote 2 below)

Category	For the period 19.03.2013 to 31.03.2014
	(₹ in Lakh)
1. Related Parties **	
(a) Subsidiaries	Nil
(b) Companies in the same group	Nil
(c) Other related parties	Nil
2. Other than related parties	Nil
Total	Nil

Notes forming part of Financial Statements - March 31, 2014

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

(see footnote 3 below)

Category			For the period 19.03.2013 to 31.03.2014 (₹ in Lakh)	
			Market Value/ Breakup Value/ Fair value /NAV	Book Value (Net of Provisions)
1.	Related Parties **			
	(a)	Subsidiaries	Nil	Nil
	(b)	Companies in the same group	Nil	Nil
	(c)	Other related parties	Nil	Nil
2.	Other than related parties @		Nil	Nil
	Total		Nil	Nil

@ being cost of unquoted investments net of provision in diminution (if any)

** As per Accounting Standard issued by the Institute of Chartered Accountants of India (see footnote 3 below)

7. Other information

Particulars		For the period 19.03.2013 to 31.03.2014
		Amount (₹ in Lakh)
(i)	Gross Non-Performing Assets	Nil
	(a) Related parties	Nil
	(b) Other than related parties	Nil
(ii)	Net Non-Performing Assets	Nil
	(a) Related parties	Nil
	(b) Other than related parties	Nil
(iii)	Assets acquired in satisfaction of debt	Nil

Footnotes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms have been applied as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Notes forming part of Financial Statements - March 31, 2014

3. All Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/ Net Asset Value in respect of unquoted investments have been disclosed irrespective of whether they are classified as long term or current in (4) above.
19. As the period commencing on 19th March, 2013 and ending on 31st March, 2014 is the first accounting period the corresponding previous period have not been furnished.

For and on behalf of Board

Y. M. Deosthalee
Director

N. Sivaraman
Director

Suneet K. Maheshwari
Director

Shiva Rajaraman
Manager

Mumbai, April 22, 2014

Mumbai, April 22, 2014



L&T Infra Debt Fund Limited

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L&T Infra Debt Fund