

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Fourth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

Particulars	₹ In Lakhs	
	2016-2017	2015-2016
Gross Income	34,623.58	11,407.33
Total Expenses	25,212.62	7,478.26
Profit before Tax/(Loss)	9,410.96	3,929.07
Provision for Tax	-	-
Profit after Tax (Loss)	9,410.96	3,929.07
Add: Balance brought forward from the previous year	6,197.89	3,658.22
Balance available for appropriation	15,608.85	7,587.29
Appropriation:		
Special Reserve u/s 45- IC of Reserve Bank of India Act, 1934	1,882.19	785.81
Dividend paid on preference shares including dividend distribution tax	603.60	603.59
Surplus in the Statement of Profit and Loss	13,123.06	6,197.89

APPROPRIATIONS

The Company proposes to transfer ₹ 1,882.19 Lakhs (Previous year: ₹ 785.81 Lakhs) to Special Reserve created u/s 45 – IC of Reserve Bank of India Act, 1934 and retain ₹ 13,123.06 Lakhs (Previous year: ₹ 6,197.89 Lakhs) in the Statement of Profit and Loss of the Company.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The policy and regulatory framework for Infrastructure Debt Funds ("IDF") announced by the Government of India ("Gol") and the Reserve Bank of India ("RBI") respectively, are targeted at providing an innovative

solution to the asset-liability mismatch and group exposure issues faced by the banking system in India. It was also intended that IDFs would help channelize pension/ insurance funds to infrastructure as well as play a role in deepening the bond market in India.

In FY 2016-17, the third full year of operations, the Company has been able to make significant progress towards achieving all the objectives indicated by Gol, as well as improve the viability of projects by providing long-tenor and low-cost structured refinance solutions.

During the year under review, the Company has earned a profit of ₹ 9,410.96 Lakhs on an asset base of ₹ 4,00,428.55 Lakhs as on March 31, 2017, diversified across multiple sectors including transportation (roads), renewable energy (solar & wind power) and power transmission.

The Company has sourced funds through the issue of long term bonds of tenors ranging from 5 to 20 years from over 150 high quality institutional investors, principally insurers & pension/ provident funds. The net worth of the Company as on March 31, 2017 was ₹ 80,669.14 Lakhs as compared to ₹ 71,366.55 Lakhs on March 31, 2016.

Going forward, the Company expects to further diversify into new sectors, geographies & promoter groups, tap new sources of funding and optimise its leverage & returns.

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

The Board of Directors had declared and paid an interim dividend @ 5.00% per annum in respect of 1,003 Cumulative Redeemable Non-Convertible Preference Shares ("CRPS") of the face value of ₹ 10,00,000/- each of the Company for the FY 2016-17, entailing an outflow of ₹ 501 Lakhs (excluding dividend distribution tax). No final dividend is proposed to be paid on CRPS.

Further, with respect to declaration of dividend on the equity shares of the Company, the Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base

and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, CRISIL Limited ("CRISIL"), Credit Analysis and Research Limited ("CARE") and ICRA Limited ("ICRA") had reviewed the ratings on various issues of Non-Convertible Debentures and reaffirmed these at AAA [Triple A]. CRISIL's rating of Preference shares were also reaffirmed at AAA [Triple A]. All these ratings carry a stable outlook. CARE has also reaffirmed the rating assigned to its short term bank facilities at A1+ and assigned a rating to the commercial paper programme of the Company at A1+.

Instruments with rating of AAA carry the highest degree of safety regarding timely servicing of financial obligations and carry the lowest credit risk. Instruments with rating of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

RESOURCES

In FY 2016-17, the Company raised an aggregate amount of ₹ 142,000 Lakhs from twenty two separate issues of AAA rated listed long-tenor Non-Convertible Debentures ("NCDs"). The issues found widespread acceptance from the investor community, more specifically insurance and pension/ provident funds.

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

SHARE CAPITAL

During the year under review, the Company has allotted 50 CRPS of face value of ₹ 10,00,000/- each aggregating to Rupees Five Crore. Consequent upon the issue of CRPS, the paid up capital of your Company as at March 31, 2017 (including equity share capital) is ₹ 5,759,666,660.

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

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013

("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, Mr. G. Krishnamurthy ceased to be the Whole-time Director of the Company with effect from May 26, 2016 consequent upon his resignation from the services of L&T Financial Services Group. The Board recorded its sincere appreciation of the valuable role played by Mr. G. Krishnamurthy in the growth of the Company.

As on the date of this Report, the Board comprises the following Directors:

Mr. Arun Ramanathan - Chairperson & Independent Director

Mr. Thomas Mathew T. - Independent Director

Mr. Y. M. Deosthalee - Non-Executive Director

Mr. Dinanath Dubhashi - Non-Executive Director

Dr. Rupa Rege Nitsure - Non-Executive Director

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every Annual General Meeting ("AGM"), not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Dr. Rupa Rege Nitsure, Director will retire by rotation at the ensuing AGM and being eligible, has offered herself for re-appointment.

The terms and conditions of appointment of Independent Directors are placed on the website of the Company <https://www.ltfs.com/companies/lt-infra-debt.html>.

DECLARATION BY INDEPENDENT DIRECTORS

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

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Further, all the Directors meet the fit and proper criteria stipulated by RBI.

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

KEY MANAGERIAL PERSONNEL (“KMPs”)

The Company has the following KMPs as at March 31, 2017:

1. Mr. Shiva Rajaraman - Manager
2. Mr. Ashish Jain* - Head Accounts (Discharging the functions of the Chief Financial Officer)
3. Ms. Radhika Parmanandka - Company Secretary

* Mr. Ashish Ranka resigned as CFO with effect from September 23, 2016.

BOARD MEETINGS

The Board of Directors of the Company met 6 (six) times during FY 2016-17 i.e on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

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

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act and Reserve Bank of India (“RBI”) directions. The details of the same are disclosed in the Corporate Governance Report.

REPORT ON CORPORATE GOVERNANCE

It has always been the Company’s endeavour to excel through better Corporate Governance and fair and transparent practices. The report on Corporate Governance for the year under review is appended as **Annexure A** to this Report.

In accordance with master circular issued by RBI on “Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015”, the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

During the year under review, M/s. Deloitte Haskins & Sell LLP, Chartered Accountants, (“Deloitte”) Registration No. 117366W/W-100018, Statutory Auditors of the Company had expressed its unwillingness to continue as Statutory Auditors of the Company and tendered its resignation dated July 1, 2016. Accordingly, M/s. B. K. Khare & Co, Firm Registration No.105102W, has been appointed to hold office to fill causal vacancy until the

conclusion of forthcoming Annual General Meeting (“AGM”) of the Company.

Further, pursuant to the provisions of Section 139 (2) of Companies the Act, 2013 and rules made thereunder, the Board of Directors of the Company recommends appointment of M/s. B. K. Khare & Co, Chartered Accountants for a period of five years i.e. from the conclusion of the Fourth AGM to Ninth AGM of the Company, subject to ratification by the Members at every intervening AGM of the Company.

With respect to the aforesaid appointment, the Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India (“ICAI”).

AUDITORS’ REPORT

The Auditors’ Report to the Members for the year under review does not content any qualification. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under provisions of Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended herewith as **Annexure B** to this Report.

There is no adverse remark, qualifications or reservations in the Secretarial Audit Report.

COMPANY’S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

A. Background and Objectives

Section 178 of the Companies Act, 2013 (‘the Act’) requires the Nomination and Remuneration Committee (“NRC”) to formulate a Policy relating to the remuneration for the Directors, KMPs, Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board’s Report.

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

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B. Brief Framework of the Policy

The objective of this Policy is :

- To guide the Board in relation to appointment and removal of Directors.
- To evaluate the performance of the Members of the Board including Independent Directors.
- To formulate criteria for evaluation of Independent Director and the Board.
- To determine criteria for payment of remuneration to Directors, KMPs, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including KMP, Senior Management and Employees, if required.

C. Appointment of Director(s) - Criteria Identification

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

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

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

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

D. Evaluation Criteria of Directors and Senior Management/KMPs/Employees

• Non-Executive Directors/Independent Directors

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

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

• Executive Directors

The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending March 31st. The evaluation is on the basis of Key Performance Indicators ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of each ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

• Senior Management/KMPs/Employees

The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the concerned Department Head(s)/Management. KPI are identified well in advance at the commencement of

the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

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

E. Criteria for Remuneration

NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other Employees, the NRC ensures that:

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

PERFORMANCE EVALUATION

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

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of

the Board, Committees and individual Directors has to be made.

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

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

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

b) Independent / Non-Executive Directors Evaluation:

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

c) Chairperson:

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

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company has been appended as **Annexure C** to this Report. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Remuneration Policy of the Company and none of the employees listed in the said Annexure/information is related to any Director of the Company.

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

Considering the Company's activities as an IDF-NBFC, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, are not significant relevant to its activities.

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

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

The extract of Annual Return in Form No. MGT 9 as required under Section 92(3) of the Act and prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014, is appended as **Annexure D** to this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and security provided as per the provisions of Section 186 of the Act are given in the Notes to the Financial Statements.

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

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

During the year under review, the Company has not received any complaints in this regard.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Section 177(9)

of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

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

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

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at http://www.ltidf.com/investor_governance.html#.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Audit department, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, are presented to the Audit Committee (AC) of the Board from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been

followed along with proper explanation relating to material departures, if any;

- 2) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended as 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 Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the Directors have prepared the annual accounts on a going concern basis;
- 5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy which is available on the website of the Company at http://www.ltidf.com/pdf/LTFS_CSR_Policy.pdf. Annual Report on activities under as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 18, 2014, had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and

disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

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

The Risk Management framework is also covered more detailed in Management Discussion & Analysis.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Further, no penalties have been levied by RBI/any other Regulators during the year under review.

OTHER DISCLOSURES

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

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Registrar of Companies, Insurance Regulatory and Development Authority, other government and regulatory authorities, lenders, financial institutions, credit rating agencies, investors and the Company's bankers for the ongoing

support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Arun Ramanathan
Chairperson
DIN: 00308848

Dinanath Dubhashi
Director
DIN: 03545900

Place: Mumbai
Date: May 3, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC REVIEW

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

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

OUTLOOK FOR FY18

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

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

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may

be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time.

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

BUSINESS PERFORMANCE

The policy and regulatory framework for Infrastructure Debt Funds ("IDF") announced by the Government of India ("GoI") and the Reserve Bank of India ("RBI") respectively, are targeted at providing an innovative solution to the asset-liability mismatch and group exposure issues faced by the banking system in India. It was also intended that IDFs would help channelize pension/ insurance funds to infrastructure as well as play a role in deepening the bond market in India.

In FY 2016-17, the third full year of operations, the Company has been able to make significant progress towards achieving all the objectives indicated by GoI, as well as improve the viability of projects by providing long-tenor and low-cost structured refinance solutions.

During the year under review, the Company has earned a profit of Rs. 9,410.96 Lakhs on an asset base of Rs. 4,00,428.55 Lakhs as on March 31, 2017, diversified across multiple sectors including transportation (roads), renewable energy (solar & wind power) and power transmission.

The Company has sourced funds through the issue of long term bonds of tenors ranging from 5 to 20 years from over 150 high quality institutional investors, principally insurers & pension/ provident funds. The net worth of the Company as on March 31, 2017 was Rs. 80,669.14 Lakhs as compared to Rs. 71,366.55 Lakhs on March 31, 2016.

Going forward, the Company expects to further diversify into new sectors, geographies & promoter groups, tap new sources of funding and optimise its leverage & returns.

RISK MANAGEMENT

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

families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. Risk Appetite Statement (RAS)

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

2. Risk Dashboards & Early Warning Signals (EWS)

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

3. Treasury Risk Management

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

4. Risk-adjusted Pricing

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 11 employees.

The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of the Company to being the prime driver of the change in culture required for the successful transformation of the Company.

Your Company firmly believes that any transformation journey needs to be sustainable. While the strategy we have embarked upon for delivering a top quartile RoE is a 4-year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.

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

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

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

1. Clarity and Communications of Management Intent

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

2. A Well-honed Execution Engine

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

qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

3 Culture

A culture of 'ownership' and 'Results not Reasons' is the hallmark of LTFH 2.0. In fact, the endeavour of our HR interventions for creating this culture, is to use Culture as a Competitive Advantage. This is done through a right mix of 'Execution Design and Method' and 'Employee Value Proposition'.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's overarching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFH committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

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

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

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

Highlights

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

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

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

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

As on the date of this Report, the Board comprises 5 (five) Non-Executive Directors including 2 Independent Directors viz. Mr. Arun Ramanathan, Mr. Thomas Mathew T., Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure.

Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure are designated as non-executive Director of the Company while Mr. Arun Ramanathan and Mr. Thomas Mathew T. are Independent Directors of the Company.

During the period under review, 6 (six) meetings of the Board of Directors were held on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

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

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Arun Ramanathan	00308848	ID	6	6
Mr. Thomas Mathew T.	00130282	ID	6	6
Mr. Y. M. Deosthalee	00001698	NED	6	6
Mr. Dinanath Dubhashi ⁽¹⁾	03545900	NED	4	4
Ms. Raji Vishwanathan ⁽²⁾	02680148	NED	0	0
Dr. Rupa Rege Nitsure ⁽³⁾	07503719	NED	4	3
Mr. G. Krishnamurthy ⁽⁴⁾	06560170	NED	2	2

Notes:

⁽¹⁾ Appointed as Non-executive Director w.e.f April 29, 2016

⁽²⁾ Ceased to be Non-executive Director w.e.f. April 7, 2016

⁽³⁾ Appointed as Non-executive Director w.e.f April 27, 2016

⁽⁴⁾ Ceased to be Non-executive Director w.e.f. May 26, 2016

Mr. Shiva Rajaraman is the Manager & Chief Executive of the 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 four core Committees constituted by the Board in this connection are:

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

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

1) Audit Committee:

The Audit Committee has been set up pursuant to provisions of Section 177 of the Act as well as RBI directions for non-banking financial companies. During the year under review, the Committee met 5 times i.e. April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 22, 2017. As on date of report, the Committee comprises three Directors as per details given below:

- Mr. Arun Ramanathan – Chairperson
- Mr. Thomas Mathew T.
- Mr. Dinanath Dubhashi.

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

Name of the Director	Audit Meetings held during the year	No. of Audit Meetings attended
Mr. Arun Ramanathan	5	5
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	4	4
Mr. Y. M. Deosthalee ⁽¹⁾	1	1

Notes:

⁽¹⁾ Ceased to be Member w.e.f April 27, 2016

Role of the Committee

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

Terms of reference of the Committee are as follows:

- Recommend to the Board appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examine the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and other related matters;
- Functioning of the Vigil Mechanism Framework of the Company;
- Full access to information contained in the records of the Company and external professional advice;
- Investigate any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;
- Discuss with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system;

- Ensure Information System Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI.
- Recommend on financial management including audit report which shall be binding on the Board;
- Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the company; and
- Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company.

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

2) **Nomination and Remuneration Committee:**

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013, read with the rules made thereunder. The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the Key Managerial Personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the year, the Committee met 5 times i.e. April 27, 2016, July 19, 2016, September 14, 2016, October 22, 2016 and January 23, 2017.

The Committee as on date of report comprises the following three directors:

- Mr. Thomas Mathew T. - Chairperson
- Mr. Arun Ramanathan
- Mr. Dinanath Dubhashi

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

Name of the Director	NRC Meetings held during the year	No. of NRC Meetings attended
Mr. Arun Ramanathan	5	5
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	4	4
Mr. G. Krishnamurthy ⁽¹⁾	1	1

Notes:

⁽¹⁾ Ceased to be Non-executive Director w.e.f May 26, 2016

Role of the Committee

Terms of reference of the Committee are as follows:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Ensure that:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3) Corporate Social Responsibility Committee (CSR Committee):

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate

Social Responsibility Committee ("CSR"). During the year, the Committee was re-constituted. During the year under review, the Committee met once i.e. September 14, 2016 and all the members were present. The Committee as on date of report comprises the following three directors:

- Mr. Y.M. Deosthalee – Chairperson
- Mr. Arun Ramanathan
- Dr. Rupa Rege Nitsure⁽¹⁾.

Note:

⁽¹⁾ Dr. Rupa Rege Nitsure was appointed as a Member w.e.f. July 19, 2016, Mr. G. Krishnamurthy step down as Committee Member pursuant to his resignation from the Board w.e.f. May 26, 2016.

Role of the Committee

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

4) Committee of Directors ("COD") :

The Committee currently comprises two Directors as per details given below:

- Mr. Dinanath Dubhashi
- Dr. Rupa Rege Nitsure.

Role of the Committee

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

The COD met 43 times during the financial year ended 2016-17.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 6, 2016 and October 22, 2016, pursuant to the provisions of the Act.

REMUNERATION TO DIRECTORS

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

REMUNERATION TABLE

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

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meetings	Sitting Fees for Committee Meetings	Commission (up to)	Total
Mr. Arun Ramanathan	120,000	280,000	14,10,000	18,10,000
Mr. Thomas Mathew T.	120,000	260,000	10,00,000	13,80,000

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

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

RESPONSIBILITIES OF THE BOARD

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

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

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills

required for prospective candidates for election to the Board.

DISCLOSURES

During the Financial Year ended March 31, 2017:

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

Debenture Trustee

The debenture trustees of the Company are:

Catalyst Trusteeship Limited

GDA House, S No 94/95, Plot No 85

Bhusari Colony (Right), Paud Road, Pune - 411 038

Tel: +91 20 2528 0081

Fax: +91 20 2528 0275

E-mail: dt@clttrustee.com

Website:www.catalysttrustee.com

Means of Communication

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

Place: Mumbai

Date: May 3, 2017

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

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

To,

The Members,

L&T INFRA DEBT FUND LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T INFRA DEBT FUND LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other specific business/industry related laws are applicable to the company, **viz. -**
 - **NBFC-Infrastructure Debt Fund – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Guidelines, Notifications, etc.**

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** and the Listing Agreements entered into by the Company with Stock Exchange(s), applicable, as follows :
 - **Debt Listing Agreements have been entered into with BSE Limited and National Stock Exchange of India Limited.**

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like –

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.–
 - **Issue of Secured, Redeemable, Non-Convertible Bonds/Debentures, Series A to Series V, aggregating ₹ 1420 Crore, on private placement basis;**
 - **Issue of 50, Cumulative, Non-Convertible Compulsorily Redeemable Preference Shares of Face Value ₹ 10 lakhs each, for an aggregate amount upto ₹ 5 Crore, on private placement basis.**
- (ii) Redemption / buy-back of securities – **NIL.**
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 -
 - **Increase of Borrowing limits of the Company from ₹ 4,000 Crore to ₹ 10,000 Crore, at the Extraordinary General Meeting held on April 7, 2016, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**
 - **Revision in Borrowing limits of the Company from ₹ 10,000 Crore to ₹ 8,500 Crore at the Board Meeting held on March 21, 2017, subject to the approval of Members at a General Meeting, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**
- (iv) Merger / amalgamation / reconstruction, etc. – **NIL.**
- (v) Foreign technical collaborations – **NIL.**
- (vi) Other Events – **NIL.**

Place: Mumbai
Date: April 26, 2017

NAINA R DESAI
 Practising Company Secretary
 Membership No. 1351
 Certificate of Practice No.13365

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

'Annexure I'

To,

The Members

L&T INFRA DEBT FUND LIMITED

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai

Date: April 26, 2017

NAINA R DESAI

Practising Company Secretary

Membership No. 1351

Certificate of Practice No.13365

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

L&T INFRA DEBT FUND LIMITED

PARTICULARS OF EMPLOYEES

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

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. ⁽¹⁾	N.A.	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. ⁽¹⁾	Manager - N.A. ⁽²⁾ Chief Financial Officer - N.A. ⁽³⁾ Company Secretary - 14%	
3	The percentage increase in the median remuneration of employees in the financial year.	The median remuneration of employees in the financial year was increased by 9.3%.	
4	The number of permanent employees on the rolls of Company.	11 employees	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		9%	NA
6	Affirmation that the remuneration is as per remuneration policy of the Company	We affirm that the remuneration paid is as per the said the Nomination and Remuneration Policy of the Company.	

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

⁽²⁾ Draws remuneration from another Company within L&T Financial Services Group.

⁽³⁾ Mr. Ashish Ranka resigned as Chief Financial Officer (CFO) with effect from September 23, 2016 and Mr. Ashish Jain was appointed as CFO with effect from October 22, 2016 and both drew remuneration from another Company within L&T Financial Services Group.

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

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN as on financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS

i	CIN	U67100MH2013PLC241104
ii	Registration Date	March 19, 2013
iii	Name of the Company	L&T Infra Debt Fund Limited
iv	Category/Sub-category of the Company	Company limited by shares
v	Address of the Registered office & contact details	Plot No 177, Vidyanagari Marg, CST Road, Kalina, SantaCruz (East), Mumbai- 400098
vi	Whether listed company	Yes (Debt & Preference Shares Listed)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: bonds.helpdesk@linkintime.co.in Toll Free: 1800 227 796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the company
1	Non-Banking Finance Company – Infra Debt Fund (IDF-NBFC)	64910	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited ⁽¹⁾ Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	L67120MH2008PLC181833	Holding Company	23.36	2(46)
2	L&T Infrastructure Finance Company Limited Mount Poonamallee Road, Manapakkam, Chennai, Tamil Nadu – 600 089	U67190TN2006PLC059527	Associate Company	48.36	2(6)
3	L&T Finance Limited (Erstwhile Family Credit Limited) 7th Floor, Technopolis, A-Wing Plot No. 4, Block – BP, Sector – V Salt Lake, Kolkata 700 091	U65910WB1993FLC060810	Associate Company	28.28%	2(6)

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

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

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	----				----				----	----
b) Central Govt. or State Govt.	----	----	----	----	----	----	----	----	----	----
c) Bodies Corporates	4,70,666,662	4*	4,70,666,666	100.00	4,70,666,662	4*	4,70,666,666	100.00	----	----
d) Bank/Fl	----	----	----	----	----	----	----	----	----	----
e) Any other	----	----	----	----	----	----	----	----	----	----
SUB TOTAL:(A) (1)	4,70,666,662	4*	4,70,666,666	100	4,70,666,662	4*	4,70,666,666	100	----	----
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/Fl										
e) Any other...										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	4,70,666,662	4*	4,70,666,666	100	4,70,666,662	4*	4,70,666,666	100	----	----
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/Fl										
c) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FII's										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	4,70,666,662	4*	4,70,666,666	100	4,70,666,662	4*	4,70,666,666	100	----	----

*For the purpose of complying with the provisions regarding minimum number of members, 4 shares are held by 4 members jointly with L&T Infrastructure Finance Company Limited.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	10,99,33,333	23.36%	-----	10,99,33,333	23.36%	-----	0
	Total	10,99,33,333	23.36%	-----	10,99,33,333	23.36%	-----	0

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Date	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	10,99,33,333	23.36%	10,99,33,333	23.36%
	At the end of the year	10,99,33,333	23.36%	10,99,33,333	23.36%

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

Sl. No	Date	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	L&T Infrastructure Finance Company Ltd.				
	At the beginning of the year	22,76,00,000	48.36%	22,76,00,000	48.36%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	22,76,00,000	48.36%	22,76,00,000	48.36%
2.	L&T Finance Ltd.				
	At the beginning of the year	13,31,33,329	28.28%	13,31,33,329	28.28%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	13,31,33,329	28.28%	13,31,33,329	28.28%
3.	L&T Finance Holding Ltd.				
	At the beginning of the year	10,99,33,333	23.36%	10,99,33,333	23.36%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/transfer/bonus/sweat equity etc.)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	10,99,33,333	23.36%	10,99,33,333	23.36%

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	2*	0.00	2*	0.00
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)	---	---	---	---
	At the end of the year	2*	0.00	2*	0.00

* For the purpose of complying with the provisions regarding minimum number of members, 4 shares are held by 4 members jointly with L&T Infrastructure Finance Company Limited.

V. INDEBTEDNESS

	Secured Loans excluding deposits	Unsecured	Deposits	Total
		Loans		Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	18,300,000,000.00			18,300,000,000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	417,982,019.00			417,982,019.00
Total (i+ii+iii)	18,717,982,019.00	-	-	18,717,982,019.00
Change in Indebtedness during the financial year				
Additions	14,200,000,000.00			14,200,000,000.00
Reduction				
Net Change	14,200,000,000.00			14,200,000,000.00
Indebtedness at the end of the financial year				
i) Principal Amount	32,500,000,000.00	-		32,500,000,000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	1,056,047,312.00			1,056,047,312.00
Total (i+ii+iii)	33,556,047,312.00	-	-	33,556,047,312.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Director (WTD) and/or Manager:

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Mr. Shiva Rajaraman ⁽¹⁾	Nil
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961		
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock option		
3	Sweat Equity		
4	Commission		
--	as % of profit		
--	others (specify)		
5	Others, please specify		
	Total (A)		Nil
	Ceiling as per the Act		-

⁽¹⁾ Draws remuneration from another Company within L&T Financial Services Group.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Arun Ramanathan	Mr. Thomas Mathew T.	
1	Independent Directors			
	(a) Fee for attending Board and Committee meetings	4,00,000	3,80,000	7,80,000
	(b) Commission	14,10,000	10,00,000	24,10,000
	(c) Others, please specify	-		-
	Total	18,10,000	13,80,000	31,90,000
	Total Managerial Remuneration		-----	31,90,000
	Overall Ceiling as per the Act	As on March 31, 2017 ₹ 10,38,78,390 (being 11% of Net Profit of the Company calculated as per Section 198 of the Companies Act, 1013)		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total
		Shiva Rajaraman (CEO) ⁽¹⁾	Radhika Parmanandka (CS)	Ashish Ranka (CFO) ⁽²⁾	Ashish Jain (CFO) ⁽²⁾	
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	7,29,733	-	-	7,29,733
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	-	7,29,733	-	-	7,29,733

⁽¹⁾ Draws remuneration from another Company within L&T Financial Services Group.

⁽²⁾ Mr. Ashish Ranka resigned as Chief Financial Officer (CFO) with effect from September 23, 2016 and Mr. Ashish Jain was appointed as CFO with effect from October 22, 2016 and both drew remuneration from another Company within L&T Financial Services Group.

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013):

NONE

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

Annual Report on Corporate Social Responsibility ("CSR")

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

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

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

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013.

2) Composition of CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years is ₹ 3,093.63 Lakhs.

4) Prescribed CSR Expenditure and details of CSR spend:

Particulars	₹ (in Lakhs)
Prescribed CSR Expenditure	61.87
Amount spent as CSR	61.87
Amount unspent	-

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

(₹ in Lakhs)

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overhead	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
1	Rural development through - Watershed Management-drought relief Project	x) Rural development	State: Maharashtra District: Beed	59.68	59.68	59.68	Indirect**
2	CSR Administration, NGO capacity building expenditure	Capacity building	State: Maharashtra District: Mumbai	2.19	2.19	2.19	Direct*
	Total CSR Spend in FY 16-17 (in INR.)			61.87	61.87	61.87	

Note:

Direct* = CSR projects/ initiatives directly implemented by the Organisation.

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

6) Responsibility Statement:

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

For L&T Infra Debt Fund Limited

Y. M. Deosthalee

Non-Executive Director &

Chairperson of the CSR Committee

Date : May 3, 2017

Independent Auditors' Report

To the Members of L&T Infra Debt Fund Limited

Report on the Financial Statements

1. 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, 2017, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. According to the information and explanations given to us and as indicated in Note 37 to the financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number: 044784

Mumbai

May 03, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of L&T Infra Debt Fund Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) The Company does not have any tangible fixed assets and hence no physical verification of fixed assets has been carried out during the year by the Company.
(iii) The Company does not have any immovable properties of freehold or leasehold land or building and hence reporting under clause 3(i)(c) of the Order is not applicable.
2. The Company does not hold any inventories and hence Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.
(b) There were no undisputed amounts payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or other material statutory dues in arrears as at March 31, 2017.
8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions, bank and government.
9. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence the reporting under para 3(ix) of the Order are not applicable.
10. During the course of our examination of the 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 instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number: 044784

Mumbai

May 03, 2017

Annexure II to the Independent Auditor's Report of even date on the Financial Statements of L&T Infra Debt Fund Limited

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number: 044784

Mumbai

May 03, 2017

Balance Sheet as at March 31, 2017

(₹ in lakh)

Particulars	Note no.	As at 31-03-2017	As at 31-03-2016
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	2	57,596.67	57,096.67
Reserves and surplus	3	23,294.89	15,053.24
		80,891.56	72,149.91
2. Non - current liabilities			
Long - term borrowings	4	325,000.00	183,000.00
Other Long -term liabilities	5	410.85	193.47
Long - term provisions	6	2,525.51	1,269.97
		327,936.36	184,463.44
3. Current liabilities			
Trade payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.27	742.49
Other current liabilities	8	12,396.67	4,808.00
Short - term provisions	9	82.37	24.36
		12,483.31	5,574.85
Total equity and liabilities		421,311.23	262,188.20
B. ASSETS			
1. Non - current assets			
Fixed Asset	10		
Tangible assets		-	-
Intangible assets (software)		3.00	-
		3.00	-
Long - term loans towards financing activities	11	382,313.57	230,028.27
Long - term loans and advances	12	3,261.65	883.22
Other non - current assets	13	194.66	3,250.96
		385,769.88	234,162.45
2. Current assets			
Current investments	14	-	18,175.00
Cash and cash equivalents	15	16,690.93	2,125.94
Current maturities of long - term loans towards financing activities	16	18,114.98	6,993.35
Short term loans and advances	17	126.96	78.12
Other current assets	18	605.48	653.34
		35,538.35	28,025.75
Total assets		421,311.23	262,188.20
Significant accounting policies	Note 1		
Notes forming part of the financial statements.	Note 2 to 39		

In terms of our report attached.

For B.K. Khare & Co.

Chartered Accountants

Padmini Khare Kaicker

Partner

Membership No : 044784

Firm Registration No : 105102W

Place : Mumbai

Date : May 3, 2017

**For and on behalf of the board of directors of
L&T Infra Debt Fund Limited**

Dinanath Dubhashi

Director

DIN 03545900

Ashish Mutha

Head Accounts

(CFO)

Rupa Nitsure

Director

DIN 00075003719

Radhika Parmanandka

Company Secretary

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

(₹ in lakh)

Particulars	Note no.	Year ended 31-03-2017	Year ended 31-03-2016
A. INCOME:			
Revenue from operations	19	30,299.40	10,155.11
Other income	20	4,324.18	1,252.22
Total income		34,623.58	11,407.33
B. EXPENSES:			
Employee benefits expense	21	158.39	85.94
Finance costs	22	22,545.10	6,104.17
Depreciation and amortisation expense	10	0.18	-
Other expenses	23	1,618.30	682.28
Provisions for contingencies	24	890.65	605.87
Total expenses		25,212.62	7,478.26
Profit before tax		9,410.96	3,929.07
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expenses		-	-
Profit after tax / balance carried to Balance Sheet		9,410.96	3,929.07
Earnings per equity share			
Basic earnings per equity share (₹)	29	1.87	0.99
Diluted earnings per equity share (₹)	29	1.87	0.99
Face value per equity share (₹)		10.00	10.00
Significant accounting policies	Note 1		
Notes forming part of the financial statements.	Note 2 to 39		

In terms of our report attached.

For B.K. Khare & Co.

Chartered Accountants

Padmini Khare Kaicker

Partner

Membership No : 044784

Firm Registration No : 105102W

Place : Mumbai

Date : May 3, 2017

**For and on behalf of the board of directors of
L&T Infra Debt Fund Limited**

Dinanath Dubhashi

Director

DIN 03545900

Ashish Mutha

Head Accounts

(CFO)

Rupa Nitsure

Director

DIN 00075003719

Radhika Parmanandka

Company Secretary

Cash Flow statement for the year ended March 31, 2017

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
A Cash flow from operating activities:		
Profit Before Taxation	9,410.96	3,929.07
Adjustment for:		
Depreciation and amortisation expense	0.18	-
Provision for standard assets	890.65	605.87
Gratuity	2.89	0.72
Leave encashment	5.13	1.61
Gain on sale of current investments	(3,527.18)	(1,218.08)
Operating profit before working capital changes:	6,782.63	3,319.19
Adjustment for increase/(decrease) in operating liabilities:		
Other short- term and long-term liabilities	217.38	193.47
Short term and long-term provisions	2.29	-
Trade payables	(738.22)	697.48
Other current liabilities	7,588.67	2064.75
Adjustment for (increase)/decrease in operating Assets:		
long term loans and advances	31.95	(42.45)
other current assets	47.86	(60.34)
short term loans and advances	(48.84)	(48.43)
other non current assets	3,056.30	(3,128.98)
loans towards financing activities	(163,406.93)	(201,520.83)
Cash generated from/(used in) operations	(146,466.91)	(198,526.14)
Net Income Tax (Paid)	(2,410.38)	(586.69)
A Net cash flow (used in) operating activities (A)	(148,877.29)	(199,112.83)
B Cash flows from investing activities:		
Bank balances not considered as Cash and cash equivalents		
- Placed	(12,763.41)	-
Capital expenditure on fixed assets, including capital advances	(3.18)	-
Current investments not considered as Cash and cash equivalents		
- Purchased	(2,626,203.50)	(742,964.04)
- Proceeds from sale	2,647,905.68	746,365.77
Net cash from/(used in) investing activities (B)	8,935.59	3,401.73

Cash Flow statement for the year ended March 31, 2017

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
C Cash flows from financing activities:		
Proceeds from issue of Preference share / Equity share	500.00	25,000.00
Proceeds from long-term borrowings	142,000.00	138,000.00
Dividend paid on preference share	(501.50)	(501.49)
Dividend distribution tax on preference share	(102.10)	(102.10)
Debenture issue expenses	(153.12)	(921.87)
Net cash generated from financing activities (C)	141,743.28	161,474.54
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	1,801.58	(34,236.56)
Cash and cash equivalents as at beginning of the year	2,125.94	36,362.50
Cash and cash equivalents as at end of the year (refer note below)	3,927.52	2,125.94
Net (Decrease)/Increase in cash and cash equivalents	1,801.58	(34,236.56)
Foot notes:		
1. Cash and cash equivalents reconciliation		
Cash and cash equivalents at the end of the year	16,690.93	2,125.94
Less: Term deposits with original maturity greater than 3 months	12,763.41	-
Cash and cash equivalents at the end of the year	3,927.52	2,125.94
2. Net cash used in operating activity is determined after adjusting the following		
Interest received	31,668.23	7,506.81
Dividend received	-	34.14
Interest paid	16,123.51	4,125.78

In terms of our report attached.

For B.K. Khare & Co.

Chartered Accountants

Padmini Khare Kaicker

Partner

Membership No : 044784

Firm Registration No : 105102W

Place : Mumbai

Date : May 3, 2017

**For and on behalf of the board of directors of
L&T Infra Debt Fund Limited**

Dinanath Dubhashi

Director

DIN 03545900

Ashish Mutha

Head Accounts

(CFO)

Rupa Nitsure

Director

DIN 00075003719

Radhika Parmanandka

Company Secretary

Notes forming part of the financial statements as at March 31, 2017

Note1: 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 received Certificate of Registration ("CoR") from RBI as an 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 specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and along with the applicable guidelines issued by Reserve Bank of India ("RBI"). The financial statements have been prepared on accrual basis and under historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II. Use of Estimates

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

III. Tangible and Intangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from

the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

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

IV. Revenue Recognition

- (a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.
- (b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- (c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

V. Other Income

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

VI. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are

Notes forming part of the financial statements as at March 31, 2017

recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

VII. 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.

As no income tax is payable on the company's income from the financial year 2014-15, no deferred tax asset / liabilities has been recognised.

VIII. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present 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 a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

IX. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. Cash and Cash Equivalents

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

XI. Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard ("AS") -20 Earnings per Share. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares

outstanding during the year. Diluted earnings per equity share 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.

XII. Share Issue Expenses

Share issue expenses are charged to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

XIII. Investment

The Company, being regulated as a IDF 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'. Investments in debentures which are, in substance, in the nature of credit substitutes are classified as a part of Loans towards Financing Activities and are measured in accordance with the criteria applied for the measurement of Loans towards Financing Activities.

XIV. Loans towards Financing Activities:

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

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced or where repayments on account of principal are in arrears, provision for diminution is made as per the parameters applicable to Non-Performing Advances.

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

XV. Employee Benefit

I. Employee Benefits

Defined-Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/ fiduciary-type arrangements. Both the employees and the

Notes forming part of the financial statements as at March 31, 2017

Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

Defined-Benefits 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.

Other Employee Benefits

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

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

XVI. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

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

Computer software- 3 years

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

XVII. Borrowing Cost

Borrowing costs include interest expenses and other expenses incurred in connection with borrowings. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

XVIII. Employee Stock Option Plan (ESOP)

The Employees Stock Options Scheme ("the Scheme") has established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans.

XIX. Service Tax input credit

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

XX. Debenture Issue Expenses

Expenses incurred on issue of debentures have been charged off against the Securities Premium Account in accordance with the provisions of Section 52 of the Companies Act, 2013.

XXI. Premium payable on Redemption of Preference Shares

Premium payable on redemption of preference shares is calculated based on effective interest rate and charged off against the Securities Premium Account in accordance with the provisions of section 55 (2) (d) (ii) of Companies Act, 2013.

Notes forming part of the financial statements as at March 31, 2017

Note 2: Share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Authorised				
Equity shares of ₹ 10 each	1,000,000,000	100,000.00	1,000,000,000	100,000.00
Preference shares of ₹ 1,000,000 each	4,000	40,000.00	4,000	40,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each	470,666,666	47,066.67	470,666,666	47,066.67
Preference shares of ₹ 1,000,000 each	1,053	10,530.00	1,003	10,030.00
Total Issued, Subscribed & Paid up shares capital	470,667,719	57,596.67	470,667,669	57,096.67

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

Equity Shares of ₹ 10 each	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the year	470,666,666	47,066.67	304,000,000	30,400.00
Shares issued during the year	-	-	166,666,666	16,666.67
Shares outstanding at the end of the year	470,666,666	47,066.67	470,666,666	47,066.67

Preference Shares of ₹ 1,000,000 each Cumulative Non Convertible Redeemable Preference Shares ("CRPS")	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the year	1,003	10,030.00	1,003	10,030.00
Shares issued during the year	50	500.00	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	1,053	10,530.00	1,003	10,030.00

(II) Terms/rights attached to shares

Equity Shares

The Company has 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 the financial statements as at March 31, 2017

Cumulative Non Convertible Redeemable Preference Shares (“CRPS”)

a. Details relating to ISIN INE235P04024:

The CRPS do not have voting rights other than in respect of matters directly affecting the rights attached to the CRPS. In the event of any due and payable dividends remain unpaid for an aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with the voting rights of the equity shareholders. The CRPS are redeemable in three annual tranches beginning from 01-Oct-2020 and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The CRPS will be repaid in annual tranches of ₹ 3309.09 lakh each commencing from 01-Oct-2020. The holders of CRPS will be entitled to an annual dividend of 5% subject to the provisions of the applicable laws and regulations.

On winding up or repayment of capital, CRPS holders enjoy preferential rights vis-à-vis equity shareholders, for repayment of capital paid up and shall include any unpaid Dividends and any fixed premium (if applicable).

b. Details relating to ISIN INE235P04040

The CRPS are redeemable in three annual tranches beginning from 29-Aug-2022 and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The CRPS will be repaid in two tranches of ₹ 165.00 lakh each commencing from 29-Aug-2022 & third tranche of ₹ 170.00 lakh on 29-Aug-2024. The holders of CRPS will be entitled to an annual dividend of 5% subject to the provisions of the applicable laws and regulations.

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its beneficially nominees.	470,666,666	47,066.67	470,666,666	47,066.67

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	% Holdings	Number	% Holdings
<u>Equity Shares of ₹ 10 each fully paid held by</u>				
L&T Infrastructure Finance Company Limited	227,600,000	48.36	227,600,000	48.36
L&T Finance Limited (Erstwhile Family Credit Limited)	133,133,329	28.28	133,133,329	28.28
L&T Finance Holdings Limited	109,933,333	23.36	109,933,333	23.36
<u>CRPS of ₹ 1,000,000 each fully paid held by</u>				
Pioneer Independent Trust	750	75.00	750	75.00
L&T Employees Welfare Foundation	200	20.00	160	16.00
L&T Welfare Company Limited	100	10.00	90	9.00

Notes forming part of the financial statements as at March 31, 2017

Note 3: Reserves and surplus

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(I) Securities Premium Account		
Opening balance	7,090.54	-
Add : Addition during the year	-	8,333.33
Less: Redemption premium on CRPS (Refer Note 35)	412.59	320.92
Less: Securities issue expenses adjusted during the year	153.12	921.87
Closing balance	6,524.83	7,090.54
(II) Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
Opening balance	1,764.81	979.00
Add : Transferred from surplus in the Statement of Profit and Loss	1,882.19	785.81
Closing balance	3,647.00	1,764.81
(III) Surplus in the Statement of Profit and Loss		
Opening balance	6,197.89	3,658.22
Add : Profit for the year	9,410.96	3,929.07
Less: Appropriations		
Transfer to reserve u/s. 45-IC of Reserve Bank of India Act, 1934	1,882.19	785.81
Dividend paid on Preference shares including dividend distribution tax	603.60	603.59
Closing balance	13,123.06	6,197.89
Total reserves and surplus	23,294.89	15,053.24

Note 4: Long-term borrowings

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(I) Secured		
Redeemable non convertible debentures [Refer Footnote 4 (i)]	325,000.00	183,000.00
Total Long-term borrowings	325,000.00	183,000.00

Note 4(i)

Secured redeemable, Non convertible Debentures (Privately placed)

(₹ in lakh)

Residual Maturity	As at March 31, 2017		As at March 31, 2016	
	Balance outstanding	Interest Rate (%)	Balance outstanding	Interest Rate (%)
Fixed Rate				
Above 5 years	222,600.00	8.05% - 9.70%	132,000.00	8.49% - 9.70%
3-5 years	94,900.00	7.85% - 9.70%	43,500.00	8.55% - 9.70%
1-3 years	7,500.00	9.60%	7,500.00	9.60%
Upto 1 year	-		-	
Floating Rate				
Above 5 years	-		-	
3-5 years	-		-	
1-3 years	-		-	
Upto 1 year	-		-	
Total	325,000.00		183,000.00	

The debentures mentioned above are secured by mortgage of a certain immovable property created under the terms of it's operating lease arrangement and hypothecation of specific receivables.

Notes forming part of the financial statements as at March 31, 2017

Note 5: Other Long-term liabilities

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Deferred Income on Loan processing	410.85	193.47
Total Long-term liabilities	410.85	193.47

Note 6: Long-term provisions

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
For employee benefits:		
Gratuity	8.16	4.38
Others:		
Redemption Premium payable on redemption of Preference Shares	988.10	575.51
For contingent provisions against standard assets	1,529.25	690.08
Total Long-term provisions	2,525.51	1,269.97

Note 7 : Trade payables

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Sundry Creditors for expenses (Other than Micro and Small Enterprises)	4.27	742.49
Total Trade payables	4.27	742.49

Note: On the basis of response 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, 2013 or the Micro, Small and Medium Enterprises Development Act, 2006.

Note 8: Other current liabilities

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Interest accrued but not due on debentures	10,560.47	4,179.82
Deferred Income on Loan processing	56.51	24.11
Statutory liabilities	127.45	112.02
Accrued expenses	813.57	56.51
Advance from Customer	838.67	435.54
Total other current liabilities	12,396.67	4,808.00

Notes forming part of the financial statements as at March 31, 2017

Note 9: Short - term provisions

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
For employee benefits:		
Compensated absences	9.53	3.38
Gratuity	0.38	-
Others		
For contingent provisions against standard assets	72.46	20.98
Total Short-term provisions	82.37	24.36

Note 10: Fixed assets (at cost less depreciation)

(₹ in lakh)

Description	Gross Block (at cost)			Depreciation / Amortization				Net Block		
	Opening as at 01.04.2016	Additions	Deductions	Closing as at 31.03.2017	Upto 01.04.2016	Charge during the year	Deductions / Adjustments	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible assets										
Computer Software	-	3.18	-	3.18	-	0.18	-	0.18	3.00	-
Total	-	3.18	-	3.18	-	0.18	-	0.18	3.00	-

Note 11: Long - term loans towards financing activities

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Secured - considered good)		
Debentures	209,766.35	150,903.88
Term Loan	172,547.22	79,124.39
Total Long - term loans towards financing activities	382,313.57	230,028.27

Note 12: Long-term loans and advances

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Security deposit	2.41	2.41
Others:		
Advance income taxes (net of provision ₹ 460.00 lakhs, Previous Year ₹ 460 lakhs)	3,234.67	824.29
Service tax credit receivable	24.57	56.52
Prepaid expenses	-	-
Total other long term loans and advances - others	3,261.65	883.22

Notes forming part of the financial statements as at March 31, 2017

Note 13: Other non - current assets

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Unamortised expenses		
Ancillary borrowing costs	79.53	101.94
Unamortised Premium on Debentures	115.13	546.53
(Secured, considered good)		
Interest accrued but not due on debentures	-	2,602.49
Total Other non - current assets	194.66	3,250.96

Note 14: Current investments

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Non Trade investment, valued at lower of cost or market value, fully paid:		
Investment in mutual funds		
Investments in Mutual Funds [Refer Footnote 14(i)]	-	18,175.00
Total Current investments	-	18,175.00

Note 14 (i)

Details of Mutual Fund Investment:

Scheme Name	As at 31-03-2017			As at 31-03-2016		
	NAV	No. of Units	₹ lakh	NAV	No. of Units	₹ lakh
L&T Liquid Fund Direct Plan - Growth	-	-	-	2,077.90	152,934.06	3,175.00
Reliance Liquid Fund - Treasury Plan-Direct- Growth	-	-	-	3,695.02	135,442.61	5,000.00
Uti-Money Market Fund-Institutional Plan-Direct - Growth	-	-	-	1,698.77	294,612.81	5,000.00
SBI Premier Liquid Fund - Direct - Growth	-	-	-	2,380.96	210,274.28	5,000.00
Total			-			18,175.00

Notes forming part of the financial statements as at March 31, 2017

Note 15: Cash and bank balance

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Cash and cash equivalents as defined in AS - 3		
Cash on hand	0.08	0.14
Balances with Banks		
In Current Account	3,919.05	1,125.80
In Other deposits accounts (with original maturity of less than 3 months)	8.39	1,000.00
Total cash and Cash equivalents	3,927.52	2,125.94
Other bank balances		
Balances with Banks in Fixed Deposit Account (with original maturity of more than three months)	12,763.41	-
Total cash and bank balance	16,690.93	2,125.94

Note 16: Current maturities of long - term loans towards financing activities

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Secured - considered good)		
Debentures	5,367.96	4,134.57
Term Loan	12,747.02	2,858.78
Total current maturities of long-term loans towards financing activities	18,114.98	6,993.35

Note 17: Short term loans and advances

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Prepaid expenses	121.65	78.12
Receivable from related parties	5.31	-
Total Short term loans and advances	126.96	78.12

Note 18: Other current assets

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Unamortised Ancillary borrowing costs	22.29	22.25
Unamortised Premium on Debentures	5.47	112.64
(Secured, considered good)		
Interest accrued but not due on debentures	363.90	482.36
Interest accrued but not due on fixed deposits	116.53	0.22
Interest accrued but not due on Loans and advances	97.29	35.87
Total other current assets	605.48	653.34

Notes forming part of the financial statements as at March 31, 2017

Note 19: Revenue from operations

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest on debentures	15,567.51	6,815.13
Interest on Term Loan	12,657.60	1,233.77
Financial advisory fees	1,132.85	98.00
Upfront fees	41.54	-
Interest on bank deposits	899.90	2,008.21
Total Revenue from operation	30,299.40	10,155.11

Note 20: Other income

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Income from current investment	-	34.14
Gain on sale of current investments	3,527.18	1,218.08
Gain/(loss) on sale of Loan/Amortisation of Premium	773.04	-
Other	23.96	-
Total other income	4,324.18	1,252.22

Note 21: Employee benefit expenses

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Salaries	148.45	81.64
Contribution to provident and other funds	5.48	3.54
Gratuity	2.89	0.76
Staff Welfare	1.57	-
Total Employee benefit expenses	158.39	85.94

Note 22: Finance cost

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest expenses	22,504.16	6,058.31
Other borrowing cost	40.94	45.86
Total Finance cost	22,545.10	6,104.17

Notes forming part of the financial statements as at March 31, 2017

Note 23: Other expenses

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Directors Sitting fees	7.69	7.27
Commission to non executive director	24.84	25.02
Professional fees	203.11	17.14
Guarantee fees	78.14	35.38
Listing and custodian fees	-	5.68
Travelling and conveyance	6.14	9.72
Rent	5.93	5.16
Asset Management Fee / Hold Period Fee	657.06	349.36
Auditors' remuneration (Refer note below)	18.29	17.77
Brand license fee	535.88	133.86
Stamp duty	-	25.06
Rates and Taxes	1.04	0.08
Corporate Social Responsibility	61.87	36.03
Miscellaneous expenses	18.31	14.75
Total other expenses	1,618.30	682.28

Note: Auditors' remuneration comprises the following

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Statutory Audit Fees	4.00	3.00
Limited Review Fees	4.00	4.50
Tax Audit Fees	0.50	0.50
Other service	8.76	8.91
Service tax on above	1.03	0.86
	18.29	17.77

Note 24: Provisions and contingencies

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Provision for standard assets	890.65	605.87
Total provision and contingencies	890.65	605.87

Notes forming part of the financial statements as at March 31, 2017

Note 25: Contingent liabilities and commitments to the extent not provided for:

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
(I) Contingent Liabilities:		
Claims against the Company not acknowledged as debt:	-	-
(II) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
b) Other Commitments:		
Undisbursed Commitments	-	-

Note 26: Segments Reporting (AS 17): 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'.

Note 27: As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

(a) List of related parties 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 (erstwhile Family Credit Limited)
 3. L&T Financial Consultants Limited (earlier known as L&T Vrindavan Properties Limited)
 4. L&T Capital Company Limited

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

(b) Related party transactions

(₹ in lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
1	Equity capital infused by (including share premium):-		
	• L&T Infrastructure Finance Company Limited	-	12,090.00
	• L&T Finance Holdings Limited	-	5,840.00
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	7070.00
2	Rent		
	• L&T Financial Consultants Limited	4.82	4.82
	• L&T Finance Limited (erstwhile Family Credit Limited)	0.69	-

Notes forming part of the financial statements as at March 31, 2017

Sr. No.	Nature of Transactions	2016-2017	2015-2016
3.	Other Expenses Paid		
	• Larsen & Toubro Limited	0.68	0.14
	• L&T Finance Holdings	-	4.70
	• L&T Capital Company Limited	12.20	-
4.	Brand License Fee		
	• Larsen & Toubro Limited	497.34	121.89
5.	Asset Management Fee / Hold Period Fee		
	• L&T Infrastructure Finance Company Limited	610.60	304.64
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	8.99
6.	Purchase of Loan Assets		
	• L&T Infrastructure Finance Company Limited	50,911.94	1,36,206.41
	• L&T Finance Limited (erstwhile Family Credit Limited)	27,474.29	11,890.24
7.	Trade Payable		
	• L&T Infrastructure Finance Company Limited	-	152.00
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	0.08
	• Larsen & Toubro Limited	1.08	111.70
8.	Trade Receivable		
	• L&T Infrastructure Finance Company Limited	2.53	-
	• L&T Finance Limited (erstwhile Family Credit Limited)	2.78	-

Note 28: The Company holds certain premises under operating leases. Rent expenses for current year is ₹ 5.93 lakh (previous year ₹ 5.16 lakh). The committed lease rentals in the future are:

(₹ in lakh)

Particulars	2016-17	2015-16
Not later than one year	4.82	4.82
Later than one year and not later than five years	2.81	7.63
Later than five years	-	-

Note 29: Earnings per share computed as per the Accounting Standard (AS) 20 'Earnings Per Share ("EPS")' issued by the Institute of Chartered Accountants of India, is as follows:

Basic & Diluted	2016-17	2015-16
Profit after tax as per Statement of Profit and Loss (₹ lakh)	9,410.96	3,929.07
Less: preference share dividend (including dividend distribution Tax) (₹ lakh)	621.32	603.59
Net profit attributable to equity shareholders (₹ lakh)	8,789.64	3,325.48
Weighted average number of equity shares for computation of Basic earnings per share	470,666,666	337,591,985
Weighted average number of equity shares for computation of diluted earnings per share	470,666,666	337,591,985
Number of equity shares outstanding	470,666,666	470,666,666
Basic earnings per share (₹)	1.87	0.99
Diluted earnings per share (₹)	1.87	0.99
Nominal Value of Shares (₹)	10	10

Notes forming part of the financial statements as at March 31, 2017

Note 30: Employee Benefits

I. Defined-Contribution Plans

The Company offers its employee defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised charges of ₹ 5.48 lakh (previous year ₹ 3.54 lakh) for provident fund contribution in the Statement of Profit and Loss.

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, 2017 in respect of Gratuity benefits:

a) The amounts recognised in the balance sheet are as follows:

	(₹ in lakh)	
	As at 31-03-2017	As at 31-03-2016
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligations	8.54	4.38
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset (limit in Para 59 (b))	-	-
Net Liability	8.54	4.38
Amounts in Balance Sheet		
Liability	8.54	4.38
Assets	-	-

b) The amounts recognised in the Statement of profit and loss are as follows:

	(₹ in lakh)	
	As at 31-03-2017	As at 31-03-2016
Current Service Cost	1.07	0.87
Interest on Defined Benefit Obligation	0.42	0.35
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised in the Year	1.40	(0.46)
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Losses/(Gains) on "Acquisition/Divestiture"	-	-
Effects of the limit in Para 59(b)	-	-
Total, included in "Employee Benefit Expense"	2.89	0.76
Actual Return on Plan Assets	-	-

Notes forming part of the financial statements as at March 31, 2017

c) Reconciliation of Benefit Obligation & Plan Assets for the year

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	4.38	3.66
Current Service Cost	1.07	0.87
Interest Cost on Defined Benefit Obligation	0.42	0.35
Actuarial Losses/(Gain) recognized	1.40	(0.46)
Past Service Cost	-	-
Actuarial Losses/(Gain) due to "Curtailment & Settlements"	-	-
Liabilities Extinguished on "Settlements"	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	2.55	(0.04)
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(1.28)	-
Closing Defined Benefit Obligation	8.54	4.38

d) Experience Adjustment

(₹ in lakh)

	2016-17	2015-16	2014-15
Defined Benefit Obligation	8.54	4.38	3.66
Plan Assets	-	-	-
Surplus / (Deficit)	(8.54)	(4.38)	(3.66)
Experience adjustments on Plan Liabilities	0.33	(0.39)	-
Experience adjustments on Plan Assets	-	-	-

e) Financial assumptions at the valuation date

	2016-17	2015-16
Discount Rate (per annum)	7.25%	8.05%
Expected Rate of Return on Assets (per annum)	Not applicable	Not applicable
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

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

The contributions expected to be made by the Company during the financial year 2017-18 amounts to ₹ 0.38 Lakh (previous year ₹ 0.33 Lakh).

Notes forming part of the financial statements as at March 31, 2017

Note 31: 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.

Note 32: Under the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited) no stock options were granted to the employees of the Company during FY 16-17.

Note 33: During the period the Company has charged-off debenture/share issue expenses of ₹ 153.12 lakh (previous year ₹ 921.87 lakh) to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

Note 34: The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of Master Direction - Non-Banking Financial Company - Systemically Important, Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Note 34 (1): Capital

(₹ in lakh)

Capital to Risk Assets Ratio (CRAR)	2016-17	2015-16
(i) CRAR (%)	39.32%	51.38%
(ii) CRAR - Tier I Capital (%)	33.50%	43.69%
(iii) CRAR - Tier II Capital (%)	5.82%	7.69%
(iv) Amount of subordinated debt raised as Tier-II capital raised during the year.	-	-
(v) Amount raised by issue of Perpetual Debt Instruments raised during the year	-	-

Note 34(2): Investments

(₹ in lakh)

Sr. No. Particulars	2016-17	2015-16
(1) Value of Investment		
(i) Gross value of Investment		
(a) In India	-	18,175.00
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investment		
(a) In India	-	18,175.00
(b) Outside India	-	-
(2) Movement of Provision held towards depreciation of Investment		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write off/write back of excess provision during the year	-	-
(iv) Closing balance	-	-

Note 34(3): Derivatives:

Note 34(3) (i): Forward rate agreement/ Interest rate swap (also includes Currency Interest rate Swaps):
The company has not entered into forward rate agreements/ interest rate swaps during the financial year ended March 31, 2017 (Previous year: Nil)

Notes forming part of the financial statements as at March 31, 2017

Note 34(3) (ii): Exchange traded Interest rate (IR) Derivatives: The company has not traded in Interest rate Derivative during the financial year ended March 31, 2017 (Previous year: Nil)

Note 34(3) (iii): Disclosure on Risk Exposure in Derivatives : Nil (Previous year –Nil)

Note 34(4): Securitization:

Note 34(4) (i): No transaction for Special Purpose Vehicle during the Financial year (Previous year – Nil)

Note 34(4) (ii): Financial asset sold to Securitization/Reconstruction company for Asset reconstruction: Nil (Previous year- Nil)

Note 34(4) (iii): Details of Assignment transactions undertaken by NBFC: During the current and previous year no assignment transaction has been undertaken.

Note 34(4) (iv): Details of Non performing Financial assets purchased/Sold: During the current and previous year no Non performing Financial Assets has been purchased/sold from/to other NBFCs.

Note 34(5): Maturity pattern of certain items of assets and liabilities (₹ in lakh)

	Year	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
Deposits	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-
Advances	2016-17	1,173.66	499.99	2,286.66	3,493.83	10,660.84	40,621.01	54,440.41	2,87,252.15	4,00,428.55
	2015-16	795.01	46.39	1,057.32	1,807.81	3,286.82	18,369.91	31,573.85	180,084.51	2,37,021.62
Investment	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	18,175.00	-	-	-	-	-	-	-	18,175.00
Borrowing	2016-17	-	-	-	-	-	7,500.00	82,400.00	2,35,100.00	3,25,000.00
	2015-16	-	-	-	-	-	-	39,000.00	1,44,000.00	1,83,000.00
Foreign Currency Assets	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-
Foreign Currency Liability	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-

Note 34(6): Exposures

Note 34(6) (i) Exposure to Real Estate Sector:

Category	For the year ended 2016-17	For the year ended 2015-2016
a) Direct Exposure		
Residential Mortgages	Nil	Nil
Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks)	Nil	Nil
Commercial Real Estate	Nil	Nil
Investment in Mortgage Backed Securities (MBS) and other securitised exposures	Nil	Nil
b) Indirect Exposure	Nil	Nil

Notes forming part of the financial statements as at March 31, 2017

Note 34(6)(ii): Exposure to Capital Market:

(₹ in lakh)

SI No.	Category	2016-17	2015-16
	Direct Exposure		
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total exposure to capital Market	Nil	Nil

Note 34(6) (iii): Financing of parent company products: Nil (Previous Year - Nil).

Note 34(6) (iv): Details of Single borrower limit (SBL)/ Group borrower limit (GBL) exceeded by NBFC: Nil (Previous Year - Nil)

Note 34(6) (v): Unsecured advances: Nil (Previous Year - Nil).

Note 34(7): Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

Note 34(8): Penalties imposed by RBI or other regulators: No Penalties has been imposed by RBI or other regulators during the year (Previous Year- Nil).

Note 34(9): Ratings assigned by credit rating agencies and migration during the year:

	2016-2017			2015-16		
	CARE	CRISIL	ICRA	CARE	CRISIL	ICRA
Non Convertible Debentures	AAA (stable)					
Bank Loan	A1+	-	-	A1+	-	-
Redeemable Preference Shares	-	AAA (stable)	-	-	AAA (stable)	-
Commercial Paper	A1+	-	-	-	-	-

Notes forming part of the financial statements as at March 31, 2017

Note 34(10): Provisions and contingencies

(₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2016-17	2015-16
Provisions for depreciation on Investment	-	-
Provision towards Non Performing Assets	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	890.65	605.87

Note 34(11): Drawdown from reserves: No drawdown from reserves during the year (previous year: nil).

Note 34(12): Concentration of deposits, advances, exposures and NPAs:

Note 34(12) (i): Concentration of deposits:

(₹ in lakh)

SI No.	Particulars	2016-17	2015-16
1.	Total deposit of twenty largest depositors	N.A.	N.A.
2.	Percentage of deposit of twenty large depositors to total deposit of NBFC	N.A.	N.A.

Note 34(12) (ii): Concentration of advances:

(₹ in lakh)

SI No.	Particulars	2016-17	2015-16
1.	Total advances to twenty largest borrowers	3,17,577.03	2,37,021.62
2.	Percentage of advances to twenty largest borrowers to total advances of NBFC	79.31%	100%

Note 34(12) (iii): Concentration of exposures:

(₹ in lakh)

SI No.	Particulars	2016-17	2015-16
1.	Total exposure to twenty largest depositors/customers	3,86,014.64	3,18,635.58
2.	Percentage of exposure to twenty large borrowers/customers to total exposure of NBFC on borrowers/customers.	63.18%	91%

Note 34(12) (iv): Concentration of Non Performing Assets:

(₹ in lakh)

SI No.	Particulars	2016-17	2015-16
1.	Total exposure to top four NPA accounts	Nil	Nil

Notes forming part of the financial statements as at March 31, 2017

Note 34(12) (v): Sector wise Non Performing Assets:

Percentage of Non Performing Assets to total advances in that sector (₹ in lakh)

SI No.	Sector	2016-17	2015-16
1.	Agriculture & Allied activities	Nil	Nil
2.	MSME	Nil	Nil
3.	Corporate borrowers	Nil	Nil
4.	Services	Nil	Nil
5.	Unsecured personal loans	Nil	Nil
6.	Auto loans	Nil	Nil
7.	Other personal loans	Nil	Nil

Note 34(13) : Non- Performing Assets : NIL

Note 34(14) : Overseas Assets: Nil (Previous Year Nil)

Note 34(15) : Off Balance sheet Special purpose Vehicles (SPV) sponsored (which are required to consolidated as per accounting norms): Nil (Previous Year Nil)

Note 34(16) : Disclosure of Customer Complaints: Nil (Previous Year Nil)

Note 34(17) : Postponement of revenue recognition: Nil

Note 35 : The premium on redemption of the preference shares determined on effective interest rate basis aggregates ₹ 412.59 lakh for the year (previous year ₹ 320.92 lakh). The sum has been transferred out of the Securities premium into a liability account (which has been classified under "Long-term Provisions").

Note 36(1) : Disclosures on Flexible Structuring of Existing Loans : Nil

Note 36(2) : Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period): Nil

Note 36(3) : Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period): Nil

Note 36(4) : Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period): Nil

Note 37: The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	0.08	0.08
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.08	0.08

Note 38 : The Company is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on October 21, 2013. Therefore, income of the Company is exempt under sections 10(47) of the Income Tax Act, 1961.

Notes forming part of the financial statements as at March 31, 2017

Schedule to the

Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 18 of Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016)

Liability Side:

1. Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:

(₹ in lakh)

Particular	As at 31-03-2017		As at 31-03-2016	
	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(a) Debentures :				
Secured	3,35,560.47	Nil	1,87,179.82	Nil
Unsecured	Nil	Nil	Nil	Nil
(Other than falling within the meaning of public deposits*)				
(b) Deferred Credits	Nil	Nil	Nil	Nil
(c) Term Loans	Nil	Nil	Nil	Nil
(d) Inter-corporate loans and borrowings	Nil	Nil	Nil	Nil
(e) Commercial Paper	Nil	Nil	Nil	Nil
(f) Other Loans	Nil	Nil	Nil	Nil

* Please see footnote (1) below

Asset Side:

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

(₹ in lakh)

Particular	As at 31-03-2017	As at 31-03-2016
	Amount outstanding	Amount outstanding
(a) Secured	4,00,428.55	2,37,021.62
(b) Unsecured	Nil	Nil

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

(₹ in lakh)

Particular	As at 31-03-2017	As at 31-03-2016
	Amount outstanding	Amount outstanding
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial Lease		
(b) Operating Lease	Nil	Nil
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		
(b) Repossessed assets	Nil	Nil
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above	Nil	Nil

Notes forming part of the financial statements as at March 31, 2017

4. Break-up of Investments

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
	Amount outstanding	Amount outstanding
Current Investments		
1. Quoted		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil
2. Unquoted :		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	-	18,175.00
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil

Particulars	As at 31-03-2017	As at 31-03-2016
	Amount outstanding	Amount outstanding
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil
2. Unquoted :		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds / Venture Capital Fund	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Security Deposit)	Nil	Nil

Notes forming part of the financial statements as at March 31, 2017

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

(see footnote 2 below)

(₹ in lakh)

Category	As at 31-03-2017	As at 31-03-2016
	Amount outstanding	Amount outstanding
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 (Secured)	4,00,428.55	2,37,021.62
Total	4,00,428.55	2,37,021.62

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (see footnote 3 below)

(₹ in lakh)

Category	As at 31-03-2017		As at 31-03-2016	
	Market Value/ Breakup Value/ Fair value /NAV	Book Value (Net of Provisions)	Market Value/ Breakup Value/ Fair value /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	-	-	18,175.00	18,175.00
Total	-	-	18,175.00	18,175.00

** As per Accounting Standard issued by Institute of The Chartered Accountants of India. (See footnote 3 below)

7. Other information

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
	Amount	Amount
(i) Gross Non-Performing Assets	Nil	Nil
(a) Related parties	Nil	Nil
(b) Other than related parties	Nil	Nil
(ii) Net Non-Performing Assets	Nil	Nil
(a) Related parties	Nil	Nil
(b) Other than related parties	Nil	Nil
(iii) Assets acquired in satisfaction of debt	Nil	Nil

Notes forming part of the financial statements as at March 31, 2017

Footnotes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms have been applied as prescribed in Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016.
3. All Accounting Standards represents to Companies Act and Companies rules 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.

Note 39 : The previous year's figures have been regrouped / reclassified to conform to the current year's classification.

For and on behalf of the Board of Directors of L & T Infra Debt Fund Limited

Dinanath Dubhashi

Director
DIN 03545900

Rupa Nitsure

Director
DIN 00075003719

Ashish Mutha

Head Accounts
(CFO)

Radhika Parmanandka

Company Secretary

Mumbai, May 03, 2017