

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Fifth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2018.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for FY 2017-18 as compared to the previous FY 2016-17 is given below:

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Gross Income	56,751.69	34,623.58
Total Expenses	41,834.41	25,212.62
Profit before Tax/(Loss)	14,917.28	9,410.96
Short/(Excess) provision for earlier years	(47.42)	-
Profit after Tax/(Loss)	14,964.70	9,410.96
Add: Balance brought forward from previous year	13,123.06	6,197.89
Balance available for appropriation	28,087.76	15,608.85
Appropriations:		
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934	2,992.94	1,882.19
Dividend paid on preference shares including dividend distribution tax	633.68	603.60
Surplus in the Statement of Profit and Loss	24,461.14	13,123.06

APPROPRIATIONS

The Company proposes to transfer ₹ 2,992.94 Lakh (previous year: ₹ 1,882.19 Lakh) to Special Reserve created u/s 45 – IC of Reserve Bank of India Act, 1934 and retain ₹ 24,461.14 Lakh (previous year: ₹ 13,123.06 Lakh) in the Statement of Profit and Loss of the Company.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

PERFORMANCE OF BUSINESS

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 in FY 2012, were 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 2017-18, the fifth 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.

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

FINANCIAL PERFORMANCE OF THE COMPANY

During the year under review, the Company has earned a profit of ₹ 14,964.70 Lakh on an asset base of ₹ 6,98,444 Lakh as on March 31, 2018, 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 ~ 200 high quality institutional investors, principally insurers and pension/provident funds. The net worth of the Company as on March 31, 2018 was ₹ 101,144.16 Lakh as compared to ₹ 80,669.14 Lakh on March 31, 2017.

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

During the year under review, the Board of Directors declared and paid interim dividend @ 5% p.a. in respect of 50 and 1,003 Cumulative Redeemable Non-Convertible Preference Shares ("CRPS") of face value of ₹ 10,00,000 each of the Company for the FY 2017-18, entailing an outflow of ₹ 25 Lakh and ₹ 501.50 Lakh (excluding dividend distribution tax), respectively.

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, 2018.

CREDIT RATING

During the year under review, CRISIL Limited ("CRISIL"), CARE Ratings 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 was also reaffirmed at AAA [Triple A]. All these ratings carry a stable outlook. The short-term rating on commercial paper programme has been reaffirmed at "CRISIL A1+" by CRISIL, "ICRA A1+" by ICRA and "CARE A1+" by CARE. CARE has also reaffirmed the rating assigned to its short term bank facilities at "CARE A1+".

The instruments with rating of AAA carry the highest degree of safety regarding timely servicing of financial obligations and carry the lowest credit risk.

The 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

During the year under review, the Company met its funding requirements through issue of Non-Convertible Debentures and Commercial Papers.

During the year under review, the net borrowings have increased from ₹ 1,42,000 Lakh as at March 31, 2017 to ₹ 2,66,975 Lakh as at March 31, 2018.

The aggregate debt outstanding as on March 31, 2018 was ₹ 5,91,975 Lakh.

During the year under review, the Company has allotted 1,95,13,548 equity shares on a rights basis of face value of ₹ 10 each, at a premium of ₹ 25.88 per share (total consideration of ₹ 35.88 per share) aggregating to ₹ 70,01,46,102 (Rupees Seventy Crore One Lakh Forty Six Thousand One Hundred and Two Only) to L&T Infrastructure Finance Company Limited, L&T Finance Holdings Limited and L&T Finance Limited (erstwhile known as Family Credit Limited) on a rights basis and allotment was in proportion of their respective holdings.

SHARE CAPITAL

During the year under review, pursuant to the allotment of the equity shares, the paid-up share capital of the Company was increased from ₹ 575,96,66,660 (Rupees Five Hundred Seventy Five Crore Ninety Six Lakh Sixty Six Thousand Six Hundred and Sixty Only) divided into 47,06,66,666 equity shares of face value of ₹ 10 each, aggregating to ₹ 470,66,66,660 (Rupees Four Hundred Seventy Crore Sixty Six Lakh Sixty Six Thousand Six Hundred and Sixty Only) and 1,053 cumulative non convertible redeemable preference shares of ₹ 10,00,000 each, aggregating to ₹ 105,30,00,000 (Rupees One Hundred Five Crore Thirty Lakh Only) to ₹ 595,48,02,140 (Rupees Five Hundred and Ninety Five Crore Forty Eight Lakh Two Thousand One Hundred and Forty Only) divided into 49,01,80,214 equity shares of face value of ₹ 10 each, aggregating to ₹ 490,18,02,140 (Rupees Four Hundred and Ninety Crore Eighteen Lakh Two Thousand One Hundred and Forty Only) and 1,053 cumulative non convertible redeemable preference shares of ₹ 10,00,000 each, aggregating to ₹ 105,30,00,000 (Rupees One Hundred Five Crore Thirty Lakh Only).

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. Y. M. Deosthalee, Non-Executive Director of the Company resigned from the Board with effect from May 31, 2017, consequent to his resignation from the services of L&T Financial Services Group.

The Board places on record its appreciation of the valuable services rendered by Mr. Deosthalee during his tenure as a Director of the Company.

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

Name of the Director	Designation
Mr. Arun Ramanathan	Independent Director & Chairperson
Mr. Thomas Mathew T.	Independent 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, not less than two-third of the total number of Directors of a public company (excluding Independent Directors) shall be persons whose period of office is liable to determination by retirement of Directors by rotation. Accordingly, Mr. Dinanath Dubhashi, Non-Executive Director of the Company will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

The terms and conditions of appointment of Independent Directors are available on the website viz. <https://www.ltfs.com>.

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

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")

During the year under review, Ms. Radhika Parmanandka resigned as the Company Secretary of the Company with effect from August 11, 2017 and Mr. Mehul Somaiya was appointed as the Company Secretary of the Company with effect from January 24, 2018.

Mr. Ashish Jain resigned as Head-Accounts (discharging functions of the Chief Financial Officer) and Mr. Ashish

Mutha was appointed as Head-Accounts (discharging functions of the Chief Financial Officer) with effect from May 3, 2017.

Mr. Ashish Mutha resigned as Head-Accounts (discharging functions of the Chief Financial Officer) with effect from February 2, 2018 and Mr. Hitesh Bhadada was appointed as Head-Accounts (discharging functions of the Chief Financial Officer) with effect from April 30, 2018.

Accordingly, as on March 31, 2018, the Company has the following KMP:

- 1) Mr. Shiva Rajaraman - Manager
- 2) Mr. Mehul Somaiya - Company Secretary

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

A) Background

Section 178 of the Act requires the Nomination and Remuneration Committee ("NRC") of a Company to formulate a policy relating to the remuneration for the Directors, Senior Management/KMPs and other employees of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a 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, Senior Management, KMPs and other employees.

B) Brief Framework of the Policy

The objective of this Policy is

- a) to determine inter-alia, qualifications, positive attributes and independence of a Director;
- b) to guide on matters relating to appointment and removal of Directors and Senior Management;
- c) to lay down criteria/evaluate performance of the Directors; and

- d) to guide on determination of remuneration of the Directors, Senior Management/KMPs and other employees.

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 appointment as an Independent Director.

The Appointment of Managing Director and Whole-time Director is subject to the provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules made thereunder. The NRC ensures that a person does not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless 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

- **Independent Directors / Non-Executive 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:

- a) Membership & Attendance-Committee and Board Meetings;
- b) Contribution during such meetings;
- c) Active participation in strategic decision making;
- d) Inputs to executive management on matters of strategic importance; and

- e) 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 Department Head(s) concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/Management/ Department Head(s) 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 authorised to design the framework for evaluating the Senior Management/KMPs and employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and development orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E) Criteria for Remuneration

The NRC while determining the criteria for remuneration for Directors, Senior Management/ KMPs / other employees ensures 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, Senior Management and KMPs 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 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, its 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 the Chairperson of the Company.

The process of the annual performance evaluation broadly comprises the following:

- a. **Board and Committee Evaluation:**
 - Evaluation of Board as a whole and the Committees is done by the individual directors/members, 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 parent company and individual feedback provided to each Director.
- c. **Chairperson Evaluation:**
 - Evaluation as done by individual directors is submitted to the Chairperson of NRC of L&T Finance Holdings Limited, the parent company and feedback provided to the Chairperson.

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 FY 2017-18 is appended as **Annexure A** to this Report.

The Company has adopted the internal guidelines on Corporate Governance in accordance with the master circular issued by RBI on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015".

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Fourth AGM held on August 14, 2017, had appointed M/s. B.K. Khare & Co. Chartered Accountants (ICAI Firm's Registration Number 105102W) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Fourth AGM till the conclusion of the Ninth AGM. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain 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 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 had appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the secretarial audit of the Company for FY 2017-18.

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

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

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of

employees of the Company has been appended 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 Annexure is available for inspection by the Members at the registered office of the Company during the business hours on working days of the Company upto the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the registered office.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other employees and none of the employees listed in the said Annexure are related to any Directors of the Company.

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

The Company being an 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 have not been considered significant enough to warrant disclosure.

During the year under review, there were no foreign exchange earnings. The expenditure in foreign currency was ₹ 0.71 Lakh (previous year: Nil) for professional fees and other charges.

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

The Company is a subsidiary of L&T Finance Holdings Limited. During the year under review, the Company did not have any subsidiary, joint venture or associates as defined under the Companies Act, 2013.

Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of 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; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standards and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The IA function of L&T Financial Services Group monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of IA function, process owners undertake corrective action, if

any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee from time to time.

BOARD MEETINGS

The details of the Board Meetings held by the Company during FY 2017-18 are disclosed in the Corporate Governance Report appended to this Report.

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 RBI directions. The details of the same are disclosed in the Corporate Governance Report.

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 viz. <https://www.ltfs.com>. An annual report on activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure D** to this Report.

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 adopted a Vigil Mechanism Framework ("Framework"), under which the Whistle Blower Investigation Committee ("the Committee") has been set up. The objective of the Framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations.

The Head of IA of L&T Financial Services Group acts as an Ombudsman. The role of Ombudsman is to review the grievance at the initial stage and in case the grievance is material, the same is forwarded to the Committee, for investigation. After investigation, the complaint

with Investigation Report is forwarded to the Audit Committee/Managing Director/Whole-time Director as the case may be. At the Audit Committee, a brief update is presented to the Members for their review. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website viz. <https://www.ltfs.com>.

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

Details of loans, guarantees and investments are given in the Notes to the Financial Statements, as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved a policy on transactions with related parties ("RPT Policy") pursuant the recommendation of the Audit Committee ("AC"). In line with the requirements of the Act and RBI Regulations, the Company has formulated the RPT Policy which is also available on the website viz. <https://www.ltfs.com>. The RPT Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the Audit Committee ("AC") of the Company for approval, irrespective of its materiality. The AC, also approves any subsequent modification in the RPTs. The process of approval of RPTs by the Board and Shareholders is as under:

a) Board

Generally all RPTs are in the ordinary course of business and at arm's length price.

RPTs which are not at arm's length and which are not in the ordinary course of business are approved by the Board.

b) Shareholders

All Material RPTs requires prior approval of the shareholders, based on recommendation of the Board, through an ordinary resolution passed

at the general meeting. Where any contract or arrangement is entered into by a Director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it is to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

No member of the Company can vote on such resolution, if such member is considered to be a related party with reference to a contract or arrangement for which the resolution is passed.

- All RPTs that were entered into during FY 2017-18 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has formulated a risk management framework and has in place a framework to inform the Board 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 report.

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

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at work place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

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

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 as prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014, is appended as **Annexure E** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and 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 the RBI / any other Regulators during the year under review.

RBI REGULATIONS

The Company complies with all the applicable regulations of RBI as on March 31, 2018.

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 RBI, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, 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 across all levels, 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: April 30, 2018

ANNUAL REPORT 2017-18 - 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 4 (four) Directors viz. Mr. Arun Ramanathan, Mr. Thomas Mathew T., Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure. Mr. Arun Ramanathan, an Independent Director, is the Chairperson; Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure are Non-Executive Directors and Mr. Thomas Mathew T. is an Independent Director on the Board.

During the year under review, Mr. Y. M. Deosthalee, Non-Executive Director of the Company resigned from the Board with effect from May 31, 2017.

During the year under review, 5 (five) meetings of the Board of Directors were held on May 3, 2017, July 25, 2017, October 25, 2017, January 24, 2018 and March 21, 2018.

The attendance of the Members of the Board at the Meetings held during the year under review is as follows:

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held / conducted during the tenure of Directors / year	No. of Board Meetings attended
Mr. Arun Ramanathan	00308848	C - ID	5	5
Mr. Thomas Mathew T.	00130282	ID	5	5
Mr. Y. M. Deosthalee ⁽¹⁾	00001698	NED	1	1
Mr. Dinanath Dubhashi	03545900	NED	5	5
Dr. Rupa Rege Nitsure	07503719	NED	5	5

Note:

⁽¹⁾ Ceased to be the Non-Executive Director with effect from May 31, 2017.

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

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 three core

Committees constituted by the Board under the Companies Act, 2013 ("the Act") are:

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

The Board has additionally constituted a Committee of Directors to handle the operational issues.

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

1) Audit Committee ("AC")

Terms of reference:

The role of the AC includes the following:

- i. Recommend to the Board appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. Examine the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and other related matters;
- ix. Functioning of the Vigil Mechanism Framework of the Company;
- x. 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;
- xi. 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

- xii. 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 AC from time to time.

Composition:

The AC has been set up pursuant to the provisions of Section 177 of the Act as well as RBI directions for non – banking financial companies. The AC as on March 31, 2018 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Arun Ramanathan	Chairperson	ID
Mr. Thomas Mathew T	Member	ID
Mr. Dinanath Dubhashi	Member	NED

Meetings and Attendance:

The AC met 7 (seven) times during the year on May 3, 2017, June 6, 2017, July 25, 2017, October 25, 2017, January 11, 2018, January 24, 2018 and March 20, 2018. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Arun Ramanathan	7	7 ⁽¹⁾
Mr. Thomas Mathew T.	7	7
Mr. Dinanath Dubhashi	7	7

Note:

⁽¹⁾ Attended 1 meeting through video call.

2) Nomination and Remuneration Committee (“NRC”)

Terms of reference:

The role of the NRC includes the following:

- i. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid

down recommend to the Board their appointment and removal and shall carry out evaluation of every director’s performance.

- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii. Ensure that:
- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

Composition:

The Company has constituted the NRC in accordance with the requirements of the Act read with the rules made thereunder. The Committee has formulated a policy on fit & proper criteria for Directors’ appointment and policy on Director’s 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. The NRC as on March 31, 2018 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Thomas Mathew T	Chairperson	ID
Mr. Arun Ramanathan	Member	ID
Mr. Dinanath Dubhashi	Member	NED

Meetings and Attendance:

The NRC met 2 (two) times during the year on May 3, 2017 and October 25, 2017. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Arun Ramanathan	2	2
Mr. Thomas Mathew T.	2	2
Mr. Dinanath Dubhashi	2	2

3) Corporate Social Responsibility Committee ("CSR")

Terms of reference:

The role of CSR includes the following:

- 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;
- Recommendation to the Board of the amount to be spent on activities under CSR from time to time; and
- Monitoring the CSR Policy of the Company from time to time.

Composition:

The CSR as on March 31, 2018 comprises the following:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Y. M. Deosthalee ⁽¹⁾	Chairperson	NED
Mr. Dinanath Dubhashi ⁽²⁾	Chairperson	NED
Mr. Arun Ramanathan	Member	ID
Dr. Rupa Rege Nitsure	Member	NED

Notes:

⁽¹⁾ Ceased to be the Chairperson of CSR Committee with effect from May 31, 2017

⁽²⁾ Appointed as the Chairperson of CSR Committee with effect from July 20, 2017

Meetings and Attendance:

The Committee met 2 (two) times during the year on May 3, 2017 and July 25, 2017. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Y. M. Deosthalee ⁽¹⁾	1	1
Mr. Dinanath Dubhashi ⁽²⁾	1	1
Mr. Arun Ramanathan	2	2
Dr. Rupa Rege Nitsure	2	2

Notes:

⁽¹⁾ Ceased to be the Chairperson of CSR Committee with effect from May 31, 2017

⁽²⁾ Appointed as the Chairperson of CSR Committee with effect from July 20, 2017

4) Committee of Directors ("COD")

Terms of reference:

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

Composition:

The COD as on March 31, 2018 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Dinanath Dubhashi	Chairperson	NED
Dr. Rupa Rege Nitsure	Member	NED

Meetings and Attendance:

The Committee met 7 (seven) times during the year on April 12, 2017, April 13, 2017, April 24, 2017, May 3, 2017, May 4, 2017, September 26, 2017 and October 18, 2017. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Mr. Dinanath Dubhashi	7	7
Dr. Rupa Rege Nitsure	7	7

MEETING OF INDEPENDENT DIRECTORS

Section 149(8) of the Act read with Schedule IV of the Act requires 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 during the year i.e. on May 3, 2017 and October 25, 2017, pursuant to the provisions of the Act.

REMUNERATION OF DIRECTORS

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

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2018 are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meetings / Independent Director Meetings	Sitting Fees for Committee Meetings	Commission	Total
Mr. Arun Ramanathan	3,00,000	2,80,000	15,75,000	21,55,000
Mr. Thomas Mathew T.	3,00,000	2,40,000	11,40,000	16,80,000

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 their 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, 2018:

- 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 trustee of the Company is:

Catalyst Trusteeship Limited

(formerly known as GDA Trusteeship Limited)
GDA House, Plot No 85

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

Tel: +91 020 2528 0081

Fax: +91 020 2528 0275

E-mail: dt@ctltrustee.com

Website: www.catalysttrustee.com

MEANS OF COMMUNICATION

- Half Yearly Results are published in one daily English newspaper.
- The Company submits half yearly communication to Stock Exchanges as per the requirement of the Uniform Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Report is displayed on the website viz. <https://www.ltfs.com>.

Place: Mumbai

Date: April 30, 2018

ANNUAL REPORT 2017-18 - ANNEXURE B TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 authorised 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, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in 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, 2018 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; and
- 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), if applicable. - **Uniform Listing Agreement with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).**

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 which having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. –
 - **Issue of Non-Convertible Debentures, Series A FY 17-18 to Series N FY 17-18, aggregating ₹ 2574 Crore, on private placement basis.**
 - **Allotment of Equity Shares on Rights basis to the following Companies:**

Sr.No.	Name of the Company	No. of Equity Shares
1	L&T Infrastructure Finance Company Limited;	94,36,157
2	L&T Finance Holdings Limited; and	45,57,767
3	L&T Finance Limited.	55,19,624

- (ii) Redemption / buy-back of securities. – **NIL**
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 -
 - **Revision in overall Borrowing powers of the Company not exceeding ₹ 8,500 Crore, at the Extraordinary General Meeting held on April 4, 2017, 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**

Place: Mumbai
Date: April 19, 2018

NAINA R DESAI
Practicing 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 1 and forms an integral part of this report.

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) Wherever 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 19, 2018

NAINA R DESAI

Practicing Company Secretary
Membership No. 1351
Certificate of Practice No.13365

ANNUAL REPORT 2017-18 - ANNEXURE C TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

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

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. ⁽¹⁾	Not applicable	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year. ⁽¹⁾	Manager - Not applicable ⁽²⁾ Chief Financial Officer (Head - Accounts) - Not applicable ⁽²⁾ Company Secretary - Not applicable ⁽²⁾	
3	The percentage increase in the median remuneration of employees in the financial year.	13.4%.	
4	The number of permanent employees on the rolls of Company.	15 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 ⁽³⁾ thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		11.5%	Not applicable
6	Affirmation that the remuneration is as per remuneration policy of the Company	We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.	

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

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

⁽³⁾ Increase in remuneration after taking into consideration performance of an individual and the Company.

For and on behalf of the Board of Directors

Arun Ramanathan
Chairperson
DIN: 00308848

Dinanath Dubhashi
Director
DIN: 03545900

Place: Mumbai

Date: April 30, 2018

ANNUAL REPORT 2017-18 - ANNEXURE D TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR") Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

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

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

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

2) Composition of CSR Committee:

The composition of CSR is disclosed in the Corporate Governance Report.

3) Average Net Profit of the Company for the last three financial years is ₹ 5,447.91 Lakh.

4) Prescribed CSR Expenditure and details of CSR spend:

Particulars	₹ in Lakh
Prescribed CSR Expenditure	108.96
Amount spent as CSR	108.96
Amount unspent	-

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

(₹ in Lakh)

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which project is covered	(4) Projects or program coverage	(5) Amount Outlay (budget) project or programs wise	(6) Amount Spent on the projects or programs. Sub Heads- (a) Direct expenditure & (b) Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
1	Digital Sakhi -Maharashtra • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Maharashtra • Inclusion of 1000 women (micro-entrepreneurs) in digital payments space • Community reach to 1 lakh rural population in Maharashtra	(iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups (x) Rural Development project	State: Maharashtra Districts: Osmanabad, Pune and Solapur	29.84	(a) 24.23 (b) 5.61	29.84	Indirect**
2	Digital Sakhi –Madhya Pradesh • Interventions of Digital Financial Literacy & Entrepreneurship Development by 100 Digital Sakhis in Madhya Pradesh • Inclusion of 1000 women (micro-entrepreneurs) in digital payments space • Community reach to 50 thousand rural population in Madhya Pradesh	(iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups (x) Rural Development project	State: Madhya Pradesh District: Dhar and Barwani	4.50	(a) 4.09 (b) 0.41	4.50	Indirect**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount Outlay (budget) project or programs wise	Amount Spent on the projects or programs. Sub Heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
3	Healthcare Access to health services and breast cancer screening	(i) reducing child mortality and improving maternal health; combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases	State: Maharashtra District: Nagpur	21.10	(a) 21.10 (b) -	21.10	Indirect**
4	Road safety – Mumbai Traffic Police Promotion of Road Safety among municipal school children & larger eco system; training and deployment of community youth as traffic wardens	(ii) Promotion of Education	State: Maharashtra District: Mumbai	41.85	(a) 38.05 (b) 3.80	41.85	Indirect**
5	Gujarat Relief Fund	(viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments	State: Gujarat	0.27	(a) 0.27 (b) -	0.27	Direct*
6	Rural Development Project - para-veterinary services for livestock and enhancing livelihoods for community youth	(ii) Livelihoods enhancement project (x) Rural Development project	State: Odisha District: Cuttack, Jajpur and Bhadrak	6.10	(a) 6.10 (b) -	6.10	Indirect**
7	CSR Administration, NGO, capacity building	Capacity building	State: Maharashtra District: Beed, Osmanabad, Pune, Solapur, Mumbai and Nagpur State: Madhya Pradesh District: Dhar and Barwani	5.30	(a) 5.30 (b) -	5.30	Direct*
Total CSR Spend in FY 2017-18 (in INR.)				108.96	108.96	108.96	

Note:

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

*Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions such as Action for Agricultural Renewal in Maharashtra (AFARM), Sewa Bharat, Children in Progress (CHIP) and Pandit Deendayal Upadhyay Institute of Medical Research & Human Resources (DDU).*

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.

Dinanath Dubhashi **Dr. Rupa Rege Nitsure**
Chairperson Director
CSR Committee DIN: 07503719
DIN: 03545900

Place: Mumbai

Date: April 30, 2018

ANNUAL REPORT 2017-18 - ANNEXURE E TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L67100MH2013PLC241104
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 / Indian Non – Government Company
v)	Address of the Registered office & contact details	Plot No 177, CTS No. 6970, 6971, Vidyanagari Marg, CST Road, Kalina, Santacruz (East), Mumbai - 400 098 Tel: +91 22 6212 5000 Fax: +91 22 6212 7509 E-mail: idf@ltfs.com Website: www.ltfs.com
vi)	Whether listed company	Yes (Debentures & Preference Shares Listed)
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Phone: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 1800 102 7796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main product/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Non-Banking Finance Company – Infra Debt Fund (IDF-NBFC)	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098	L67120MH2008PLC181833	Holding Company	100*	2(46)

*Alongwith its wholly-owned subsidiaries.

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY)

(i) Category – wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% 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.	-	-	-	-	-	-	-	-	-
c) State Govt(s).	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	4,70,666,662	4*	4,70,666,666	100	4,90,180,210	4*	4,90,180,214	100	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	4,70,666,662	4*	4,70,666,666	100	4,90,180,210	4*	4,90,180,214	100	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
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	4,90,180,210	4*	4,90,180,214	100	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
(2) Non - Institutions									
(a) Bodies corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,70,666,662	4*	4,70,666,666	100	4,90,180,210	4*	4,90,180,214	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) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2017)			Shareholding at the end of the year (As on March 31, 2018)			% 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	4,70,666,666*	100*	-	4,90,180,214*	100*	-	-
Total		4,70,666,666*	100*	-	4,90,180,214*	100*	-	-

* Alongwith its wholly-owned subsidiaries.

(iii) Change In Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	L&T Finance Holdings Limited					
	At the beginning of the year	April 1, 2017	4,70,666,666	100	-	-
	Rights Issue*	October 18, 2017	19,513,548	0.97	4,90,180,214	100
	At the end of the year	March 31, 2018	-	-	4,90,180,214	100*

* Allotment to the Company (including its wholly-owned subsidiaries).

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

Sr. No.	Name of the Shareholders	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-	-
	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 (or on the date of separation, if separated during the year)	-	-	-	-	-

(v) Shareholding of Directors & Key Managerial Personnel (KMP)

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Y. M. Deosthalee⁽¹⁾					
	At the beginning of the year	April 1, 2017	1*	-	-	-
	Transfer of shares	May 31, 2017	(1)	-	-	-
	At the end of the year	March 31, 2018	-	-	-	-
2	Mr. Dinanath Dubhashi					
	At the beginning of the year	April 1, 2017	1*	-	-	-
	At the end of the year	March 31, 2018	-	-	1*	-

⁽¹⁾ Ceased to be Non-Executive Director with effect from May 31, 2017.

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

V. INDEBTEDNESS

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

(₹ in Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	325,000.00	-	-	325,000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,560.47	-	-	10,560.47
Total (i+ii+iii)	335,560.47	-	-	335,560.47
Change in Indebtedness during the financial year				
• Additions	267,400.00	-	-	267,400.00
• Reduction	-	-	-	-
Net Change	267,400.00	-	-	267,400.00
Indebtedness at the end of the financial year				
i) Principal Amount	592,400.00	-	-	592,400.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	24,071.66	-	-	24,071.66
Total (i+ii+iii)	616,471.66	-	-	616,471.66

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager
		Mr. Shiva Rajaraman ⁽¹⁾ (Manager)
1	Gross salary:	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-
	(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 (A)	-
	Ceiling as per the Act	-

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

B. Remuneration to other directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors Independent Directors		Total Amount
	Mr. Arun Ramanathan	Mr. Thomas Mathew T.	
(a) Fee for attending Board and Committee meetings / Independent Directors' Meeting	5,80,000	5,40,000	11,20,000
(b) Commission	15,75,000	11,40,000	27,15,000
(c) Others, please specify	-	-	-
Total (B)	21,55,000	16,80,000	38,35,000
Total Managerial Remuneration = (A) + (B)	-	-	38,35,000
Overall Ceiling as per the Act	₹ 1,645.22 Lakh (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Key Managerial Personnel				Total Amount
		Ashish Jain ⁽¹⁾ (CFO) [#]	Ashish Mutha ⁽²⁾ (CFO) [#]	Radhika Parmanandka ⁽³⁾ (CS)	Mehul Somaiya ⁽⁴⁾ (CS)	
1	Gross Salary:					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	-	4,73,875	-	4,73,875
	(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	-	-	4,73,875	-	4,73,875

[#] Appointed as Head-Accounts to discharge the functions of CFO.

⁽¹⁾ Resigned effective dated May 3, 2017 and draws remuneration from another Company within LTFS.

⁽²⁾ Appointed effective dated May 3, 2017 and resigned effective dated February 2, 2018 and draws remuneration from another Company within LTFS.

⁽³⁾ Resigned effective dated August 11, 2017.

⁽⁴⁾ Appointed effective dated January 24, 2018 and draws remuneration from another Company within LTFS.

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

Arun Ramanathan
Chairperson
DIN: 00308848

Dinanath Dubhashi
Director
DIN: 03545900

Place: Mumbai

Date: April 30, 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC REVIEW

India is projected to be world's fastest growing economy for the rest of the decade, according to the projections from the World Bank and the International Monetary Fund. The nation posted a healthy GDP growth of 6.6% in FY18 even as it was in the process of recovering from temporary disruptions related to the currency exchange initiative (demonetisation) and the roll-out of the new Goods & Services Tax (GST). In recent years, India has been attracting the attention of global investors, thanks to its stable political climate and a reform-oriented government. During FY18, India witnessed a sovereign ratings upgrade by Moody's Investors Service after a 14-year hiatus. The country's ranking was moved up by 30 spots to the 100th rank on the World Bank's Ease of Doing Business rankings.

Factors that aided India's growth during FY18 have been the improved resilience of agriculture, a higher growth momentum in select industries (such as basic metals, electronics, transport equipment and food products) and steady growth in services such as trade, hotels, transport & communications and construction activities. Increased Government expenditure on infrastructure, especially roads have also been supportive of growth. In the past 3-4 years, Non-Banking Financial Companies (NBFCs) have also played a critical role in stimulating India's economic growth as bank credit flows have steadily slowed in the wake of continued asset quality stresses.

Outlook for FY19

Multilateral organisations as well as domestic policy-making bodies and think-tanks, remain optimistic over India's growth prospects for FY19. Majority of the forecasters expect India's economic growth in FY19 to rise further to 7.4-7.5%, on the back of robust private consumption, supportive fiscal policy and benefits from past reforms. Additionally, India's weather department has predicted a normal monsoon in 2018, which is likely to support the ongoing momentum in the rural and agricultural belts. The Central Government's continued thrust on rural and infrastructure sectors is expected to provide an additional impetus to growth in FY19.

However, there remain a few headwinds too. While the overall investment spending has shown some signs of revival, a more broad-based and sustained recovery in private investment remains a critical challenge. Surging crude oil prices, tightening of global financial conditions and increasing geopolitical tensions define the major downside risks to India's growth in FY19. While both inflation and interest rates would trend higher in FY19 compared to that in FY18, deleveraging of distressed corporates and rebuilding of bank's balance sheets remain the key challenges for policymakers.

POSSIBLE THREATS

First, the rapidly rising and sustained level of global crude oil prices can significantly impact India's macro stability indicators and force macro-economic policies to become much tighter. This would pose a threat to India's potential economic recovery.

Other threats could be in the form of political uncertainties in the run-up to the General Elections in 2019, uneven monsoon distribution and fiscal slippage concerns. These have the potential to adversely influence economic growth and challenge macro-economic stability.

The NBFC sector may face tough challenges during FY19 due to an upsurge in borrowing costs, driven by elevated bond yields, inadequate availability of bank finance, increased competition and limited levers for margin expansion.

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 in FY 2012, were 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 2017-18, the fifth 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 ₹ 14,964.70 Lakh on an asset base of ₹ 6,98,444 Lakh as on March 31, 2018, 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 ~ 200 high quality institutional investors, principally insurers & pension/ provident funds. The net worth of the Company as on March 31, 2018 was ₹ 101,144.16 Lakh as compared to ₹ 80,669.14 Lakh on March 31, 2017

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 organization has built a strong culture of managing risk in a structured manner. Risk appetite statement is the governing document for effective management of risk within the organization which cascades down to the business units through robust risk processes. The risk appetite statement act as a governing framework to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk-return management while providing greater clarity and autonomy to businesses. The framework focuses attention on the key areas of risks facing the organization such as credit, market and operational risks.

Your Company has well laid down portfolio concentration limits. These are reviewed on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk to any particular business segment/industry/group/borrower. Further, there are clear sets of identified risk hotspots which are closely monitored to identify any early signs of weakness.

1. Credit Risk

With the objective of growing fearlessly in the segments in which your Company is operating, target markets are clearly identified and understood with scoping of opportunity, given the competitive landscape. Your Company has defined strong credit underwriting standards, at micro and macro levels to determine the acceptable risk appetite, while building up the business portfolios. The portfolio is reviewed on a quarterly basis to ensure that overall behavior of the portfolio remains intact. Your Company has also defined product pricing algorithm which helps to price the risk appropriately.

2. Early Warning Signals

The Early Warning Signals (EWS) emanating from monitoring of pre-determined metrics relating to the behavior of customers with your Company as well as with other lenders such as the operational & financial performance of customers, portfolio trend of industry peers and operational risk events are in the nature of triggers with specific pre-decided action points attached to them. These signals are designed to help in predicting potential stress for the borrowers or portfolio much ahead of actual delinquency with your Company. Specific early warning signals have been selected based on the nuances of each of the products of your Company. In addition to these triggers, flags emanating from government action as well as macro-economic trends are also important early warning signals.

3. Market Risk

In case of market risk, there are various limits such as portfolio stop loss limit, portfolio PV01 limit as well as alarm limits for early monitoring. This helps in taking corrective steps based on the market situation prevailing at that point of time. This risk is overseen on a day-to-day basis by treasury strategy team under the overall supervision of ALCO. The Company has rolled out a liquidity buffer management policy to tie up any liquidity risk arising out of unforeseen market scenarios. The liquidity buffer will provide adequate cushion to take care of 30 days of stressed liquidity market conditions despite the fact that creating such buffer has a downside impact on the overall ROE.

4. Operational Risk

Operational risk is inherent to processes and systems and a dedicated team monitors operational risks and incidents, including the robustness of various processes, systems and information security related matters. Your Company has put in place a process to identify / mitigate various risks across all entities and document standard operating procedures. These are periodically reviewed to ensure that the key risks and controls across your Company are well identified. Operational processes have been streamlined with critical processes being centralised to ensure consistency, control and oversight.

5. IT Security Risk

Cyber security is integrated in the IT security policies and procedures to mitigate the risk. The IT Infrastructure has multiple layer of security with in depth defense by design. The Company has perimeter security devices like firewalls, intrusion prevention system to detect and stop the threats stemming from internet. Your Company proactively monitors the critical applications and systems for any suspicious activity and anomaly. Employee security awareness training and regular security audits are also conducted to check the effectiveness of security controls.

L&T Finance Holdings Limited, the parent Company was awarded the 'Golden Peacock Award for Risk Management 2017' for robust risk management processes. This prestigious award is being given annually by the Institute of Directors, New Delhi for over 25 years as recognition of high standards in various domains.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

For details on discussion on financial performance with respect to operational performance, refer Board's Report.

HUMAN RESOURCES

LTFS 2.0 has a clear goal – to create shareholder value by achieving top quartile ROE. To achieve this, your Company has adopted the strategy of maximising earnings and growth, with minimum volatility.

The Human Resources function plays a pivotal role in this transformation journey by ensuring organisational efficiency and promoting the right culture. To sustain growth, your Company is investing in building its talent pool by developing skills internally and attracting the best talent in the industry. As on March 31, 2018, your Company had a total workforce of 15 employees.

1. A Culture of 'Results not Reasons'

After another year of delivering excellent results, your Company is constantly working towards strengthening its foothold in each business and striving to reach a dominant position. Achieving these results was no mean feat, but your Company succeeded because of its strong core values and the inculcation of a culture of 'Results not Reasons' which lent a razor sharp focus to meet its goals.

A culture of 'Results not Reasons', which has been a hallmark of LTFS 2.0 transformational journey, has been instrumental in achieving success in FY18 despite many challenging conditions.

The Company's values of Pride, Integrity, Discipline and Ambition underlie all its actions and have been prevalent in all its endeavors. In order to ensure internalisation of its core values, your Company takes all efforts to clearly communicate its intent and strategy to all its employees. All the rewards and recognition programs have been aligned to the values and the culture of results.

2. Scalability

The Company continuously evaluates and optimises the structures in line with the business priorities. The Human Resources department worked in

tandem with the business to ensure that there were "Right People" to meet the growth ambition. Your Company had significant growth ambition which called for new geographic expansion as well as same geography growth. Your Company is focused not only on acquiring talent, but also in laying significant importance to the induction process through programs such as "Parichay" – a frontline induction initiative.

To drive growth, it is imperative that the Company should not only be able to attract the best fit talent, but should also integrate and align the workforce in pursuit of organisation goals. A workforce with the right culture and values, aligned to the Company's strategy and vision is a competitive advantage and will help its success to become sustainable.

3. Capability Building

Another important agenda was to augment capability levels at the middle and senior management. For building leaders of tomorrow, the Company continues to give cross-functional exposure through various projects and internal job postings. World class faculty for the senior management is invited to facilitate discussions on business practices and issues. The Company organises individual level coaching with experienced business practitioners for the leadership. An intensive Transformational Leadership development program has been put in place. This aims to define the values and beliefs expected from the leaders, providing a shared view of the capabilities vital to leading employees and ensuring business success.

4. Driving Productivity

The ultimate metric for success is continuous improvement in productivity. The Company takes pride in calling itself a "performance driven" organisation. In order to promote meritocracy and clarity, in terms of execution, achievement against targets till the last person on ground, is reviewed on an ongoing basis. The defined learning and development journey supports the employees through different career stages in the Company. A rewards & recognition mechanism is ensured across the Company to keep the morale high and appreciate the efforts of a competitive and talented workforce. The program is aligned to performance and examines the requisite motivation and adequate differentiation based on it.

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, 2018, 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, 2018, 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784
Mumbai, April 30, 2018

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, 2018

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 provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company. Consequently, provisions of para 3(iv) of the Order is not applicable to 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, 2018 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, 2018.
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 Registration No. 105102W

Padmini Khare Kaicker

Partner
Membership No. 044784

Mumbai, April 30, 2018

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, 2018 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, 2018, 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 Registration No. 105102W

Padmini Khare Kaicker

Partner
Membership No. 044784
Mumbai, April 30, 2018

Balance Sheet as at March 31, 2018

(₹ in lakh)

	Note no.	As at 31-03-2018	As at 31-03-2017
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	2	59,548.02	57,596.67
Reserves and surplus	3	42,054.13	23,294.89
		101,602.15	80,891.56
2. Non - current liabilities			
Long - term borrowings	4	582,400.00	325,000.00
Other Long -term liabilities	5	590.89	410.85
Long - term provisions	6	4,121.31	2,525.51
		587,112.20	327,936.36
3. Current liabilities			
Short - term borrowings	7	9,649.23	-
Trade payables	8	-	-
Total outstanding dues of micro enterprises and small enterprises		0.58	4.27
Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other current liabilities	9	26,140.96	12,372.10
Short - term provisions	10	149.81	82.37
		35,940.58	12,458.74
Total equity and liabilities		724,654.93	421,286.66
B. ASSETS			
1. Non - current assets			
Fixed Asset			
Tangible assets	11	-	-
Intangible assets (software)		1.94	3.00
		1.94	3.00
Long - term loans towards financing activities	12	665,194.06	382,313.57
Long - term loans and advances	13	4,782.29	3,237.08
Other non - current assets	14	447.19	183.71
		670,423.54	385,734.36
2. Current assets			
Cash and cash equivalents	15	19,053.62	16,690.93
Current maturities of long - term loans towards financing activities	16	33,250.16	18,114.98
Short term loans and advances	17	143.48	126.96
Other current assets	18	1,782.19	616.43
		54,229.45	35,549.30
Total assets		724,654.93	421,286.66
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

M.No. 044784

Firm Registration No.: 105102W

Place : Mumbai

Date : April 30, 2018

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

Dinanath Dubhashi

Director

DIN 03545900

Hitesh Bhadada

**Head Accounts
(CFO)**

Dr. Rupa Rege Nitsure

Director

DIN 07503719

Mehul Somaiya

Company Secretary

Statement of Profit and Loss for the year ended March 31, 2018

(₹ in lakh)

	Note no.	Year ended 31-03-2018	Year ended 31-03-2017
A. INCOME:			
Revenue from operations	19	54,324.12	30,299.40
Other income	20	2,427.57	4,324.18
Total income		56,751.69	34,623.58
B. EXPENSES:			
Employee benefits expense	21	323.05	158.39
Finance costs	22	38,897.96	22,545.10
Depreciation and amortisation expense	11	1.06	0.18
Other expenses	23	1,420.28	1,618.30
Provisions for contingencies	24	1,192.06	890.65
Total expenses		41,834.41	25,212.62
Profit before tax		14,917.28	9,410.96
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Short/(Excess) Provision of earlier years		(47.42)	-
Total tax expenses		(47.42)	-
Profit after tax / balance carried to Balance Sheet		14,964.70	9,410.96
Earnings per equity share			
Basic earnings per equity share (₹)	29	2.99	1.87
Diluted earnings per equity share (₹)	29	2.99	1.87
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

M.No. 044784

Firm Registration No.: 105102W

Place : Mumbai

Date : April 30, 2018

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

Dinanath Dubhashi
Director
DIN 03545900

Hitesh Bhadada
**Head Accounts
(CFO)**

Dr. Rupa Rege Nitsure
Director
DIN 07503719

Mehul Somaiya
Company Secretary

Cash Flow statement for the year ended March 31, 2018

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
A Cash flow from operating activities:		
Profit Before Taxation	14,917.28	9,410.96
Adjustment for:		
Depreciation and amortisation expense	1.06	0.18
Provision for standard assets	1,192.06	890.65
Gratuity	7.63	2.89
Leave encashment	8.55	5.13
Gain on sale of current investments	(2,377.71)	(3,527.18)
Operating profit before working capital changes:	13,748.87	6,782.63
Adjustment for increase/(decrease) in operating liabilities:		
Other short- term and long-term liabilities	180.04	217.38
Short term and long-term provisions	(2.37)	2.29
Trade payables	(3.69)	(738.22)
Other current liabilities	13,768.86	7,588.67
Adjustment for (increase)/decrease in operating Assets:		
Long term loans and advances	-	31.95
Other current assets	(1,164.60)	47.86
Short term loans and advances	(16.52)	(48.84)
Trade receivables	-	-
Other non current assets	(263.48)	3,056.30
Loans towards financing activities	(298,015.67)	(163,406.93)
Cash generated from/(used in) operations	(271,768.56)	(146,466.91)
Net Income Tax (Paid)	(1,497.79)	(2,410.38)
Net cash flow (used in) operating activities (A)	(273,266.35)	(148,877.29)
B Cash flows from investing activities:		
Bank balances not considered as Cash and cash equivalents		
- Placed	-	(12,763.41)
- Matured	-	-
Capital expenditure on fixed assets, including capital advances	-	(3.18)
Current investments not considered as Cash and cash equivalents		
- Purchased	(6,477,349.43)	(2,626,203.50)
- Proceeds from sale	6,479,725.98	2,647,905.68
Net cash from/(used in) investing activities (B)	2,376.55	8,935.59

Cash Flow statement for the year ended March 31, 2018

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
C Cash flows from financing activities:		
Proceeds from issue of Preference share / Equity share	7,001.46	500.00
Proceeds from long-term borrowings	257,400.00	142,000.00
(Repayments)/proceeds from short-term borrowings	9,649.23	-
Dividend paid on preference share	(526.50)	(501.50)
Dividend distribution tax on preference share	(107.18)	(102.10)
Debenture issue expenses	(164.52)	(153.12)
Net cash generated from financing activities (C)	273,252.49	141,743.28
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	2,362.69	1,801.58
Cash and cash equivalents as at beginning of the period/year	16,690.93	2,125.94
Cash and cash equivalents as at end of the period/year (refer note below)	19,053.62	3,927.52
Net (Decrease)/Increase in cash and cash equivalents	2,362.69	1,801.58
Foot notes:		
1. Cash and cash equivalents reconciliation		
Cash and cash equivalents at the end of the period/year	19,053.62	16,690.93
Less: Term deposits with original maturity greater than 3 months	-	12,763.41
Cash and cash equivalents at the end of the period/year	19,053.62	3,927.52
2. Net cash used in operating activity is determined after adjusting the following		
Interest received	51,324.52	31,668.23
Interest paid	25,283.48	16,123.51

In terms of our report attached.

For B.K.Khare & Co.

Chartered Accountants

Padmini Khare Kaicker

Partner

M.No. 044784

Firm Registration No.: 105102W

Place : Mumbai

Date : April 30, 2018

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

Dinanath Dubhashi

Director

DIN 03545900

Hitesh Bhadada

**Head Accounts
(CFO)**

Dr. Rupa Rege Nitsure

Director

DIN 07503719

Mehul Somaiya

Company Secretary

Notes forming part of the financial statements as at March 31, 2018

Note 1: Brief Profile and Significant accounting policies.

A. Brief Profile :

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

Notes forming part of the financial statements as at March 31, 2018

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 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

Notes forming part of the financial statements as at March 31, 2018

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 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 availment / encashment of such benefits or where the availment 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 amortized 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

Notes forming part of the financial statements as at March 31, 2018

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. Indirect tax input credit (including Service tax and Good and Service tax)

Indirect tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty 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 Accounting accordance with the provisions of section 55 (2) (d) (ii) of Companies Act, 2013.

XXII. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the financial statements as at March 31, 2018

Note 2: Share capital

	As at March 31, 2018		As at March 31, 2017	
	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	490,180,214	49,018.02	470,666,666	47,066.67
Preference shares of ₹ 1,000,000 each	1,053	10,530.00	1,053	10,530.00
Total Issued, Subscribed & Paid up shares capital	490,181,267	59,548.02	470,667,719	57,596.67

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

Equity Shares of ₹ 10 each	As at March 31, 2018		As at March 31, 2017	
	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the period/year	470,666,666	47,066.67	470,666,666	47,066.67
Shares issued during the period/year	19,513,548	1,951.35	-	-
Shares outstanding at the end of the period/year	490,180,214	49,018.02	470,666,666	47,066.67

Preference Shares of ₹ 1,000,000 each Cumulative Non Convertible Redeemable Preference Shares ("CRPS")	As at March 31, 2018		As at March 31, 2017	
	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the period/year	1,053	10,530.00	1,003	10,030.00
Shares issued during the period/year	-	-	50	500.00
Shares bought back during the period/year	-	-	-	-
Shares outstanding at the end of the period/year	1,053	10,530.00	1,053	10,530.00

(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.

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, 2018

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

	As at March 31, 2018		As at March 31, 2017	
	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.	490,180,214	49,018.02	470,666,666	47,066.67

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

	As at March 31, 2018		As at March 31, 2017	
	Number	% Holding	Number	% Holding
<u>Equity Shares of ₹ 10 each fully paid held by</u>				
L&T Infrastructure Finance Company Limited	237,036,157	48.36	227,600,000	48.36
L&T Finance Limited (Erstwhile Family Credit Limited)	138,652,953	28.28	133,133,329	28.28
L&T Finance Holdings Limited	114,491,100	23.36	109,933,333	23.36
<u>CRPS of ₹ 1,000,000 each fully paid held by</u>				
Pioneer Independent Trust	750	71.23	750	71.23
L&T Employees Welfare Foundation	200	18.99	200	18.99
L&T Welfare Company Limited	98	9.50	100	9.50

Notes forming part of the financial statements as at March 31, 2018

Note 3: Reserves and surplus

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(I) Securities Premium Account		
Opening balance	6,524.83	7,090.54
Add : Addition during the year	5,050.11	-
Less: Redemption premium on CRPS (Refer Note 34)	457.37	412.59
Less: Securities issue expenses adjusted during the year	164.52	153.12
Closing balance	10,953.05	6,524.83
(II) Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
Opening balance	3,647.00	1,764.81
Add : Transferred from surplus in the Statement of Profit and Loss	2,992.94	1,882.19
Closing balance	6,639.94	3,647.00
(III) Surplus in the Statement of Profit and Loss		
Opening balance	13,123.06	6,197.89
Add : Profit for the year	14,964.70	9,410.96
Less: Appropriations		
Transfer to reserve u/s. 45-IC of Reserve Bank of India Act, 1934	2,992.94	1,882.19
Dividend paid on Preference shares including dividend distribution tax.	633.68	603.60
Closing balance	24,461.14	13,123.06
Total reserves and surplus	42,054.13	23,294.89

Note 4: Long-term borrowings

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(I) Secured		
Redeemable non convertible debentures [Refer Note 4(i)]	582,400.00	325,000.00
Total Long-term borrowings	582,400.00	325,000.00

Note 4(i) Secured redeemable, Non convertible Debentures (Privately placed)

(₹ in lakh)

Residual Maturity	As at March 31, 2018		As at March 31, 2017	
	Balance outstanding	Interest Rate (%)	Balance outstanding	Interest Rate (%)
Fixed Rate				
Above 5 years	289,400.00	8.01% - 9.70%	222,600.00	8.05% - 9.70%
3-5 years	234,500.00	7.85% - 9.70%	94,900.00	7.85% - 9.70%
1-3 years	58,500.00	7.90% - 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	582,400.00		325,000.00	

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, 2018

Note 5: Other Long-term liabilities

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Others:		
Deferred Income on Loan processing	590.89	410.85
Total Long-term liabilities	590.89	410.85

Note 6: Long-term provisions

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
For employee benefits:		
Gratuity	15.06	8.16
Others:		
Redemption Premium payable on redemption of Preference Shares	1,445.47	988.10
For contingent provisions against standard assets	2,660.78	1,529.25
Total Long-term provisions	4,121.31	2,525.51

Note 7 : Short Term Borrowing

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Unsecured		
Commercial paper	9,649.23	-
(Net of unexpired discount ₹ 350.77 lakhs (previous year - Nil))		
Total Short Term Borrowing	9,649.23	-

Note 8 : Trade payables

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Sundry Creditors for expense	0.58	4.27
(Other than Micro and Small Enterprises)		
Total Trade payables	0.58	4.27

Note: Based on the information received by the Company from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any suppliers covered under this Act as at the balance sheet date and hence, disclosures relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

Note 9: Other current liabilities

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Interest accrued but not due on debentures	24,071.66	10,560.47
Deferred Income on Loan processing	111.20	56.51
Statutory liabilities	14.26	102.88
Accrued expenses	1,124.68	813.57
Advance from Customer	819.16	838.67
Total other current liabilities	26,140.96	12,372.10

Notes forming part of the financial statements as at March 31, 2018

Note 10: Short - term provisions

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
For employee benefits:		
Compensated absences	16.34	9.53
Gratuity	0.47	0.38
Others		
For contingent provisions against standard assets	133.00	72.46
Total Short-term provisions	149.81	82.37

Note 11: Fixed assets (at cost less depreciation)

(₹ in lakh)

Particulars	Gross Block (at cost)			Depreciation / Amortization				Net Block		
	Opening as at 01.04.2017	Additions	Deductions	Closing as at 31.03.2018	Upto 01.04.2017	Charge during the year	Deductions / Adjustments	Upto 31.03.2018	As at 31.03.2018	As at 31.03.2017
Intangible assets										
Computer Software	3.18	-	-	3.18	0.18	1.06	-	1.24	1.94	3.00
Total	3.18	-	-	3.18	0.18	1.06	-	1.24	1.94	3.00

Note 12: Long - term loans towards financing activities

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(Secured - considered good)		
Debentures	341,683.67	209,766.35
Term Loan	323,510.39	172,547.22
Total Long - term loans towards financing activities	665,194.06	382,313.57

Note 13: Long-term loans and advances

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Capital advances		
(Unsecured, considered good)		
Security deposit	2.41	2.41
(Unsecured, considered good)		
Advance income taxes (net of provision ₹ 413 lakhs, Previous Year ₹ 460 lakhs)	4,779.88	3,234.67
Total other long term loans and advances - others	4,782.29	3,237.08

Notes forming part of the financial statements as at March 31, 2018

Note 14: Other non - current assets

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(Unsecured, considered good)		
Unamortised expenses		
Ancillary borrowing costs	116.92	79.53
Unamortised Premium on Debentures	264.91	104.18
(Secured, considered good)		
Interest accrued but not due on debentures	65.36	-
Total Other non - current assets	447.19	183.71

Note 15: Cash and bank balance

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
Cash and cash equivalents as defined in AS - 3		
Cash on hand	-	0.08
Balances with Banks		
In Current Account	7,053.62	3,919.05
In Other deposits accounts (with original maturity of less than 3 months)	12,000.00	8.39
Total cash and Cash equivalents	19,053.62	3,927.52
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	19,053.62	16,690.93

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

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(Secured - considered good)		
Debentures	15,419.18	5,367.96
Term Loan	17,830.98	12,747.02
Total Current maturities of long - term loans towards financing activities	33,250.16	18,114.98

Note 17: Short term loans and advances

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(Unsecured, considered good)		
Prepaid expenses	143.48	121.65
Receivable from related parties	-	5.31
Total Short term loans and advances	143.48	126.96

Notes forming part of the financial statements as at March 31, 2018

Note 18: Other current assets

(₹ in lakh)

	As at 31-03-2018	As at 31-03-2017
(Unsecured, considered good)		
Unamortised Ancillary borrowing costs	49.87	22.29
Unamortised Premium on Debentures	26.29	16.42
(Secured, considered good)		
Interest accrued but not due on debentures	1,628.27	363.90
Interest accrued but not due on fixed deposits	6.70	116.53
Interest accrued but not due on Loans and advances	23.85	97.29
Others	1.16	-
Advance / Excess TDS payment	46.05	-
Total other current assets	1,782.19	616.43

Note 19: Revenue from operations

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Interest on debentures	27,672.72	15,567.51
Interest on Term Loan	24,597.61	12,657.60
Advisory fees	1,508.04	1,132.85
Upfront/Processing fees/Other fee	345.10	41.54
Interest on bank deposits	200.65	899.90
Total Revenue from operation	54,324.12	30,299.40

Note 20: Other income

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Gain on sale of current investments	2,377.71	3,527.18
Gain/(loss) on sale of Loan/Amortisation of Premium	-	773.04
Other	49.86	23.96
Total other income	2,427.57	4,324.18

Note 21: Employee benefit expenses

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Salaries	298.74	148.45
Contribution to provident and other funds	11.98	5.48
Gratuity	7.63	2.89
Staff Welfare	4.70	1.57
Total Employee benefit expenses	323.05	158.39

Notes forming part of the financial statements as at March 31, 2018

Note 22: Finance cost

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Interest expenses	38,794.67	22,504.16
Other borrowing cost	103.29	40.94
Total Finance cost	38,897.96	22,545.10

Note 23: Other expenses

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Directors Sitting fees	12.18	7.69
Commission to non executive director	27.07	24.84
Professional fees	28.43	203.11
Guarantee fees	140.23	78.14
Listing and custodian fees	1.38	-
Travelling and conveyance	13.45	6.14
Establishment expenses	124.92	5.93
Hold Period Fee / Asset Management Fee	28.60	657.06
Auditors' remuneration (Refer note below)	16.11	18.29
Brand license fee	865.32	535.88
Stamp duty	8.28	-
Rates and Taxes	0.92	1.04
Corporate Social Responsibility	108.96	61.87
Management Fees	35.87	-
Miscellaneous expenses	8.56	18.31
Total other expenses	1,420.28	1,618.30

Note: Auditors' remuneration comprises the following

	Year ended 31-03-2018	Year ended 31-03-2017
Statutory Audit Fees	4.00	4.00
Limited Review Fees	4.00	4.00
Tax Audit Fees	0.50	0.50
Other service	6.95	8.76
GST/ Service tax (net of input credit)	0.66	1.03
	16.11	18.29

Note 24: Provisions and contingencies

(₹ in lakh)

	Year ended 31-03-2018	Year ended 31-03-2017
Provision for standard assets	1,192.06	890.65
Total provision and contingencies	1,192.06	890.65

Notes forming part of the financial statements as at March 31, 2018

Note 25: Contingent liabilities and commitments to the extent not provided for: (₹ in lakh)

	As at March 31, 2018	As at March 31, 2017
(I) Contingent Liabilities:		
a) Other money for which the Company is contingently liable:		
i) Liability towards Letter of Comfort	6,200.00	-
(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	2017-2018	2016-2017
1	Equity capital infused by (including share premium):-		
	• L&T Infrastructure Finance Company Limited	3,385.69	-
	• L&T Finance Holdings Limited	1,635.33	-
	• L&T Finance Limited (erstwhile Family Credit Limited)	1,980.44	-
2	Rent		
	• L&T Financial Consultants Limited	115.01	4.82
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	0.69
3.	Other Expenses Paid		
	• Larsen & Toubro Limited	1.76	0.68
	• L&T Capital Company Limited	-	12.20

Notes forming part of the financial statements as at March 31, 2018

Sr. No.	Nature of Transactions	2017-2018	2016-2017
4.	Brand License Fee		
	• Larsen & Toubro Limited	793.87	497.34
5.	Asset Management Fee / Hold Period Fee		
	• L&T Infrastructure Finance Company Limited	26.54	610.60
6.	Purchase of Loan Assets		
	• L&T Infrastructure Finance Company Limited	90,305.93	50,911.94
	• L&T Finance Limited (erstwhile Family Credit Limited)	41,821.00	27,474.29
7.	Trade Payable		
	• Larsen & Toubro Limited	-	1.08
8.	Trade Receivable		
	• L&T Infrastructure Finance Company Limited	-	2.53
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	2.78
	• Larsen & Toubro Limited	4.16	-
9.	Management Fees		
	• L&T Finance Holdings	33.00	-

Note 28: The Company holds certain premises under operating leases. Rent expenses for current year is ₹ 90.82 lakh (previous year ₹ 5.93 lakh). The committed lease rentals in the future are:

(₹ in lakh)

Particulars	2017-18	2016-17
Not later than one year	82.64	4.82
Later than one year and not later than five years	374.00	2.81
Later than five years	-	-

Note 29: Earnings per share computed as per the Accounting Standard (AS) 20 'Earnings Per Share ("EPS")'.

Basic & Diluted	FY 2017-18	FY 2016-17
Profit after tax as per Statement of Profit and Loss (₹ lakh)	14,964.70	9,410.96
Less: preference share dividend (including dividend distribution Tax) (₹ lakh)	633.68	621.32
Net profit attributable to equity shareholders (₹ lakh)	14,331.02	8,789.64
Weighted average number of equity shares for computation of Basic earnings per share	479,487,858	470,666,666
Weighted average number of equity shares for computation of diluted earnings per share	479,487,858	470,666,666
Number of equity shares outstanding	490,180,214	470,666,666
Basic earnings per share (₹)	2.99	1.87
Diluted earnings per share (₹)	2.99	1.87
Nominal Value of Shares (₹)	10	10

Note 30: Expenditure in Foreign Currencies

(₹ in lakh)

Nature of expense	2017-18	2016-17
Car Hire Charges	0.71	-

Notes forming part of the financial statements as at March 31, 2018

Note 31: 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 ₹ 11.98 lakh (previous year ₹ 5.48 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, 2018 in respect of Gratuity benefits:

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

	As at and for the year ended March 31, 2018	As at and for the year ended March 31, 2017
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligations	15.52	8.54
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset (limit in Para 59 (b))	-	-
Net Liability	15.52	8.54
Amounts in Balance Sheet		
Liability	15.52	8.54
Assets	-	-

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

	As at and for the year ended March 31, 2018	As at and for the year ended March 31, 2017
Current Service Cost	2.71	1.07
Interest on Defined Benefit Obligation	0.80	0.42
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised in the Year	4.12	1.40
Past Service Cost	-	-
Losses/(Gains) on "Curtailements & Settlements"	-	-
Losses/(Gains) on "Acquisition/Divestiture"	-	-
Effects of the limit in Para 59(b)	-	-
Total, included in "Employee Benefit Expense"	7.63	2.89
Actual Return on Plan Assets	-	-

Notes forming part of the financial statements as at March 31, 2018

c) Reconciliation of Benefit Obligation & Plan Assets

(₹ in lakh)

	As at and for the year ended March 31, 2018	As at and for the year ended March 31, 2017
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	8.54	4.38
Current Service Cost	2.71	1.07
Interest Cost on Defined Benefit Obligation	0.80	0.42
Actuarial Losses/(Gain) recognized	4.12	1.40
Past Service Cost	-	-
Actuarial Losses/(Gain) due to "Curtailment & Settlements"	-	-
Liabilities Extinguished on "Settlements"	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	-	2.55
Exchange Difference on Foreign Plans	-	-
Benefits Paid	0.65	(1.28)
Closing Defined Benefit Obligation	15.52	8.54

d) Experience Adjustment

(₹ in lakh)

	2017-18	2016-17	2015-16
Defined Benefit Obligation	15.52	8.54	4.38
Plan Assets	-	-	-
Surplus / (Deficit)	(15.52)	(8.54)	(4.38)
Experience. Adjustments on Plan Liabilities	0.97	0.33	(0.39)
Experience. Adjustments on Plan Assets	-	-	-

e) Financial assumptions at the valuation date

	2017-18	2016-17
Discount Rate (per annum)	7.85%	7.25%
Expected Rate of Return on Assets (per annum)	Not applicable	Not applicable
Salary Escalation Rate (per annum)	9.00%	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 2018-19 amounts to ₹ 0.47 Lakh (previous year ₹ 0.38 Lakh).

Note 32: 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.

Notes forming part of the financial statements as at March 31, 2018

Note 33: Under the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited) stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of options granted to employees of the company amounts, recovery of the same during the financial year ended March 31, 2018 is Nil. (Previous year: Nil)

Note 34: During the year the Company has charged-off debenture/share issue expenses of ₹164.52 lakh (previous year ₹ 153.12 lakh) to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

Note 35: 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 35 (1): Capital

(₹ in lakh)

Capital to Risk Assets Ratio (CRAR)	2017-18	2016-17
(i) CRAR (%)	28.39%	39.32%
(ii) CRAR - Tier I Capital (%)	24.73%	33.50%
(iii) CRAR - Tier II Capital (%)	3.66%	5.82%
(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 35(2): Investments

(₹ in lakh)

Sr. Particulars No.	2017-18	2016-17
(1) Value of Investment		
(i) Gross value of Investment		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investment		
(a) In India	-	-
(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	-	-

Notes forming part of the financial statements as at March 31, 2018

Note 35(3): Derivatives:

Note 35(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, 2018 (Previous year: Nil)

Note 35(3) (ii): Exchange traded Interest rate (IR) Derivatives: The company has not traded in Interest rate Derivative during the financial year ended March 31, 2018 (Previous year: Nil)

Note 35(3) (iii): Disclosure on Risk Exposure in Derivatives: Nil (Previous year –Nil)

Note 35(4): Securitization:

Note 35(4) (i): No transaction for Special Purpose Vehicle during the Financial year (Previous year – Nil)

Note 35(4) (ii): Financial asset sold to Securitization/Reconstruction company for Asset reconstruction: Nil (Previous year- Nil)

Note 35(4) (iii): Details of Assignment transactions undertaken by NBFC: During the current and previous year no assignment transaction has been undertaken.

Note 35(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 35(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	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Advances	2017-18	2,762.12	240.83	5,554.85	8,276.41	16,415.96	82,107.75	94,061.03	4,89,025.27	6,98,444.22
	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
Investment	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Borrowing	2017-18	-	-	-	9,649.23	-	58,500.00	2,64,200.00	2,59,700.00	5,92,049.23
	2016-17	-	-	-	-	-	7,500.00	82,400.00	2,35,100.00	3,25,000.00
Foreign Currency Assets	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-
Foreign Currency Liability	2017-18	-	-	-	-	-	-	-	-	-
	2016-17	-	-	-	-	-	-	-	-	-

Note 35(6): Exposures

Note 35(6) (i) Exposure to Real Estate Sector:

Category	2017-18	2016-17
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, 2018

Note 35(6)(ii): Exposure to Capital Market:

(₹ in lakh)

Sr No.	Category	2017-18	2016-17
	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 35(6) (iii): Financing of parent company products: Nil (Previous Year - Nil).

Note 35(6) (iv): Details of Single borrower limit (SBL)/ Group borrower limit (GBL) exceeded by NBFC: Nil (Previous Year - Nil)

Note 35(6) (v): Unsecured advances: Nil (Previous Year - Nil).

Note 35(7): Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

Note 35(8): Penalties imposed by RBI or other regulators: No Penalties has been imposed by RBI or other regulators during the year (Previous Year- Nil).

Notes forming part of the financial statements as at March 31, 2018

Note 35(9): Ratings assigned by credit rating agencies and migration during the year:

	2017-2018			2016-17		
	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+	A1+	A1+	A1+	-	-

Note 35(10): Provisions and contingencies

(₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2017-18	2016-17
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	1,192.06	890.65

Note 35(11): Drawdown from reserves: No drawdown from reserves during the year (previous year: nil).

Note 35(12): Concentration of deposits, advances, exposures and NPAs:

Note 35(12) (i): Concentration of deposits:

(₹ in lakh)

Sr No.	Particulars	2017-18	2016-17
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 35(12) (ii): Concentration of advances:

(₹ in lakh)

Sr No.	Particulars	2017-18	2016-17
1.	Total advances to twenty largest borrowers	3,92,448.42	3,17,577.03
2.	Percentage of advances to twenty largest borrowers to total advances of NBFC	56.19%	79.31%

Note 35(12) (iii): Concentration of exposures:

(₹ in lakh)

Sr No.	Particulars	2017-18	2016-17
1.	Total exposure to twenty largest depositors/customers	4,12,998.42	3,86,014.64
2.	Percentage of exposure to twenty large borrowers/customers to total exposure of NBFC on borrowers/customers.	54.75%	63.18%

Notes forming part of the financial statements as at March 31, 2018

Note 35(12) (iv): Concentration of Non Performing Assets:

(₹ in lakh)

Sr No.	Particulars	2017-18	2016-17
1.	Total exposure to top four NPA accounts	Nil	Nil

Note 35(12) (v): Sector wise Non Performing Assets:

Percentage of Non Performing Assets to total advances in that sector

(₹ in lakh)

Sr No.	Sector	2017-18	2016-17
1.	Agriculture & Allied activities		
2.	MSME		
3.	Corporate borrowers		
4.	Services	Nil	Nil
5.	Unsecured personal loans		
6.	Auto loans		
7.	Other personal loans		

Note 35(13): Non- Performing Assets : NIL

Note 35(14): Overseas Assets: Nil (Previous Year Nil)

Note 35(15): Off Balance sheet Special purpose Vehicles (SPV) sponsored (which are required to consolidated as per accounting norms): Nil (Previous Year Nil)

Note 35(16): Disclosure of Customer Complaints: Nil (Previous Year Nil)

Note 35(17): Postponement of revenue recognition: Nil

Note 36: The premium on redemption of the preference shares determined on effective interest rate basis aggregates ₹ 457.37lakh for the year (previous year ₹ 412.59lakh). The sum has been transferred out of the Securities premium into a liability account (which has been classified under "Long-term Provisions").

Note 37(1): Disclosures on Flexible Structuring of Existing Loans: Nil

Note 37(2): Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period): Nil

Note 37(3): Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period): Nil

Note 37(4): Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period): Nil

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.

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

Notes forming part of the financial statements as at March 31, 2018

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:

Particular	As at 31-03-2018		As at 31-03-2017	
	Amount outstanding ₹ lakh	Amount overdue ₹ lakh	Amount outstanding ₹ lakh	Amount overdue ₹ lakh
(a) Debentures :				
Secured	6,06,471.66	Nil	3,35,560.47	Nil
Unsecured (Other than falling within the meaning of public deposits*)	Nil	Nil	Nil	Nil
(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	9,649.23	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]

Particular	As at 31-03-2018	As at 31-03-2017
	Amount outstanding ₹ lakh	Amount outstanding ₹ lakh
(a) Secured	6,98,444.22	4,00,428.55
(b) Unsecured	Nil	Nil

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

Particular	As at 31-03-2018	As at 31-03-2017
	Amount outstanding ₹ lakh	Amount outstanding ₹ lakh
(i) Lease assets including lease rentals under sundry debtors	Nil	Nil
(a) Financial Lease		
(b) Operating Lease		
(ii) Stock on hire including hire charges under sundry debtors	Nil	Nil
(a) Assets on hire		
(b) Repossessed assets		
(iii) Other loans counting towards AFC activities	Nil	Nil
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		

Notes forming part of the financial statements as at March 31, 2018

4. Break-up of Investments

Particulars	As at 31-03-2018	As at 31-03-2017
	Amount outstanding ₹ lakh	Amount outstanding ₹ lakh
Current Investments		
1. Quoted	Nil	Nil
(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	-	-
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil

Particulars	As at 31-03-2018	As at 31-03-2017
	Amount outstanding ₹ lakh	Amount outstanding ₹ lakh
1. Quoted		
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 :	Nil	Nil
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, 2018

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

(see footnote 2 below)

(₹ in lakh)

Category	As at 31-03-2018	As at 31-03-2017
	Amount outstanding ₹ lakh	Amount outstanding ₹ lakh
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)	6,98,444.22	4,00,428.55
Total	6,98,444.22	4,00,428.55

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

Category	As at 31-03-2018		As at 31-03-2017	
	Market Value/ Breakup Value/ Fair value /NAV ₹ lakh	Book Value (Net of Provisions) ₹ lakh	Market Value/ Breakup Value/ Fair value /NAV ₹ lakh	Book Value (Net of Provisions) ₹ lakh
1. Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	-	-	-	-

7. Other information

Particulars	As at 31-03-2018	As at 31-03-2017
	Amount ₹ lakh	Amount ₹ lakh
(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, 2018

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 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.

In terms of our report attached.

For B.K.Khare & Co.

Chartered Accountants

Padmini Khare Kaicker

Partner

M.No. 044784

Firm Registration No.: 105102W

Place : Mumbai

Date : April 30, 2018

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

Dinanath Dubhashi

Director

DIN 03545900

Hitesh Bhadada

**Head Accounts
(CFO)**

Dr. Rupa Rege Nitsure

Director

DIN 07503719

Mehul Somaiya

Company Secretary