L&T Finance

EMPOWERING WITH TECHNOLOGY BUILDING FUTURES

INTEGRATED ANNUAL REPORT 2024

Corporate Information

Board of Directors

S. N. Subrahmanyan
Non-Executive Director and Chairman

Sudipta Roy
Managing Director and Chief Executive Officer

R. Shankar Raman
Non-Executive Director

Thomas Mathew T.
Independent Director

Rajani R. Gupte
Independent Director

R. Seetharaman
Independent Director

Nishi Vasudeva
Independent Director

Pavninder Singh
Nominee Director

Company Secretary

Apurva Rathod

Details as on the date of issue of the Report

Statutory Auditors

M/s KKC and Associates LLP (formerly known as Khimji and Kunverji and Co. LLP)

Registered Office and Investor Service Centre

Brindavan, Plot No.177, C.S.T. Road,
Kalina, Santacruz (East),
Mumbai - 400098,
Maharashtra, India
Phone: +91 22 6212 5000
Fax: +91 22 6212 5553
Website: www.ltfs.com
Email: igrc@ltfs.com

Registrar and Share Transfer Agents

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai - 400083,
Maharashtra, India
Phone: +91 22 4918 6000
Fax: +91 22 4918 6060
Website: www.linkintime.co.in
Email: rnt.helpdesk@linkintime.co.in

Investor Information

Market Capitalisation as on March 31, 2024	₹ 39,362.59 Cr
BSE Code	533519
NSE Symbol	LTF
AGM Day, Date and Time	Tuesday, June 25, 2024 at 10.00 a.m. (IST)
AGM Mode	Video-Conference/Other Audio-Visual Means

Across The Pages

EMPOWERING WITH TECHNOLOGY BUILDING FUTURES

Digital growth is not just a tale of technological advancement, but also one of empowerment, inclusion, and resilience. At the heart of a digital journey, lies the vision of leveraging technology to drive socioeconomic development and bridge the digital divide. As the country navigates the opportunities and challenges of the digital age, its commitment to leveraging technology for the benefit of all remains unwavering.

L&T Finance takes cognizance of this technology wave and is committed to becoming one of the most pre-eminent technology driven lenders. Our technology efforts are divided into 4 quadrants, namely designing superior customer experience, digital process engineering, augmenting IT infrastructure and strengthening information security. These efforts are directed towards agile and customer-focussed delivery on the 5-Pillars of the execution engine to create a sustainable and predictable retail franchise.

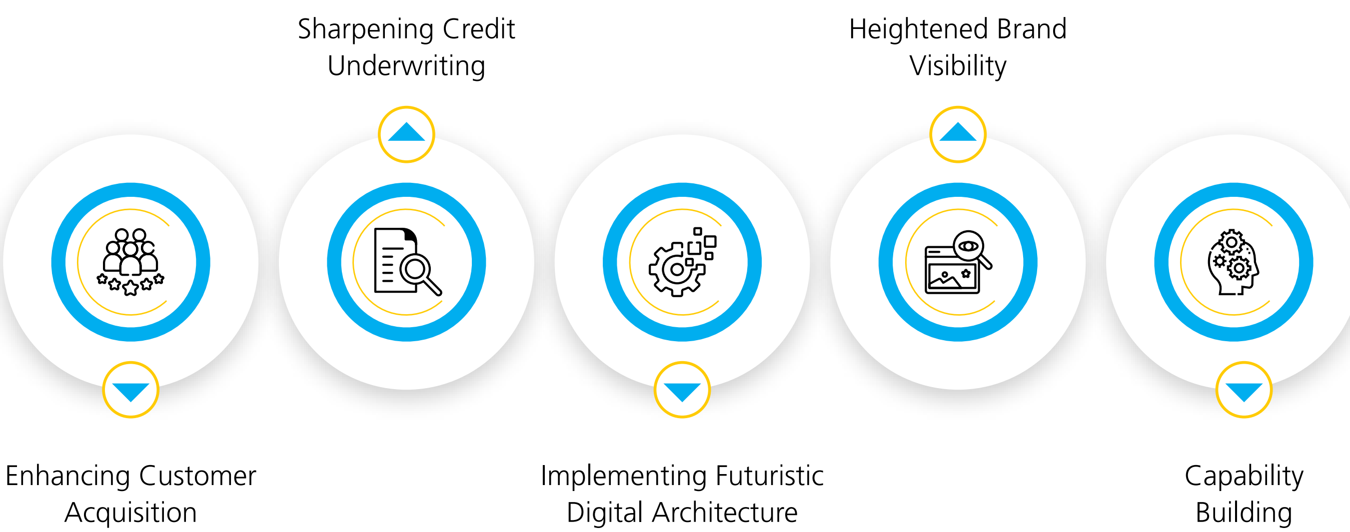
Through the adoption of artificial intelligence and automation, combined with our lending prowess, we empower people to dream big and build futures.

This report delves into our amplified technology journey and our delivery on the execution pillars demonstrated through the business growth. Additionally, as a responsible corporate citizen, we have taken bold strides in areas of social responsibility and sustainability. All these initiatives clearly indicate that we are on the right path to becoming a sustainable Fintech@Scale.

Empowerment with the use of technology will truly build futures!

About the Report

At L&T Finance Limited (formerly known as L&T Finance Holdings Limited) and its subsidiaries, collectively referred to as LTF or your Company, a paramount focus has been placed on delivering products and services sustainably to its customers. Your Company embraced the Lakshya 2026 strategy in FY22 and achieved it well in advance in FY24, with a stronger technological shift and a customer-centric approach. Going forward, LTF will continue to focus on making its organisational performance consistent, predictable and sustainable by adopting the following 5 key pillars of execution:



Upholding the values of transparency, accountability and commitment to stakeholder value, your Company has consistently disclosed its performance across its operations and businesses annually through Sustainability and Integrated Reports since FY19. LTF aims to provide a comprehensive overview of both, financial and non-financial performance during FY24 through this Integrated Annual Report ("the Report"). The Report is designed to present stakeholders with a holistic perspective of your Company's ambitions, strategic approach, goals, performance, impact, and future direction.

Reporting Principle

The financial and statutory data presented in the report is in line with the requirements of the Companies Act, 2013 ("the Act") (including the rules made thereunder), Indian Accounting Standards, the Companies (Accounting Standards) Rules, 2006, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and other applicable RBI regulations.

The non-financial information in the Report has been prepared in accordance with the framework of the International Integrated Reporting Council (IIRC) and provides Key Performance Indicators (KPIs) across the Six Capitals. It provides sustainability disclosures as per the Global Reporting Initiative (GRI), 2021 Standards for the period from April 1, 2023, and/or as on March 31, 2024 or as specified in the Report.

Furthermore, the Report is aligned with the National Guidelines on Responsible Business Conduct (NGRBC), Business Responsibility and Sustainability Reporting (BRSR) requirements prescribed by the Securities and Exchange Board of India (SEBI), the United Nations Sustainable Development Goals (UNSDGs) and the Taskforce on Climate-related Financial Disclosures (TCFD).

Scope and Boundaries

The Report covers the disclosures for the period from April 1, 2023, and/or as on March 31, 2024, or as specified in the Report. The data and content in the Report aim to provide an accurate and balanced economic, social, and environmental performance of LTF's Head Office ("HO") and 1,964 branches, including closed branches. The reporting boundary of the Report is as disclosed in Question 13 and Question 23 (a) of Section A: General Disclosures of the BRSR.

The scope and boundaries for each material topic and metrics are detailed either in the text where the topic is introduced, or by references to the LTF website and public documents. Nos. wherever required, have been rounded off.

Precautionary Principle

LTF adopts a precautionary approach in risk management and lending decisions to mitigate any adverse social and environmental impacts. Principles such as stakeholder inclusiveness, completeness and materiality were followed while preparing this report. The same is enumerated across various sections of the Report.

Materiality and Target Audience

As one of the leading NBFCs, LTF has a direct economic, social, and environmental impact, and a significant indirect impact through its financial activities. In compiling the Report, the topics that could have a material impact on the stakeholders are accounted for, including business and management systems. Other relevant matters are also encapsulated in the 'Value Creation Model'.

LTF continuously takes the views and opinions of stakeholders and aligns its execution/strategy and reporting to meet evolving expectations. For materiality analysis, stakeholder groups (internal as well as external) were consulted in a qualitative and quantitative manner.

The report is crafted to communicate your Company's progress to the varied groups of stakeholders who have an influence on or are affected by LTF. These groups encompass Employees, Investors, Regulators, Customers, Vendors, CSR Project Implementing Partners and Communities. The primary objective is to provide stakeholders with a perspective of your Company’s businesses and the capacity to create and sustain value.

Corporate Restructuring: 'Single Lending Entity'

Effective December 4, 2023, your Company successfully completed the merger of its subsidiaries, L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited ("Merged Entities") with itself. With this merger, all the lending businesses are now housed under one single entity i.e., your Company, with it becoming the equity and debt listed operating lending entity.

The merger was an internal restructuring exercise and resulted, inter alia, in the transfer and vesting of the assets, liabilities and the entire undertaking of the Merged Entities into your Company, followed with the dissolution, without winding up, of each of the Merged Entities. The process was completed post requisite shareholders', creditors' and regulatory/statutory approvals. The merger has led to the creation of a simplified 'Single Lending Entity'.

Further, with effect from March 28, 2024, the name of your Company has changed to L&T Finance Limited.

Forward-Looking Statements

The Integrated Annual Report incorporates forward-looking statements pertaining to LTF's anticipated performance and future events, articulated through terms such as 'plans', 'expects', 'will', 'anticipates', 'believes', and 'intends'. Recognising the inherent uncertainty and risks associated with these assumptions and predictions, your Company emphasises its disclaimer of any obligation to update such statements post-publication. Stakeholders are urged to exercise prudence and refrain from undue reliance on these statements, given that actual future outcomes may significantly deviate due to various external factors beyond your Company's control, introducing an element of unpredictability.

Assurance

The information in the Report has been subjected to a thorough internal validation process and a robust assurance procedure, harnessing both your Company's internal expertise and external validation conducted by Deloitte Haskins and Sells LLP, an independent third-party assurance provider renowned in the professional sphere. An assurance review has also been conducted on the Report, adhering to SSAE 3000 Assurance Standards. The corresponding Assurance Statement forms a part of the Report.

For ease of information access, links are embedded to relevant pages on your Company's corporate website and the Report. Any questions or feedback on the Report can be sent to us by writing to igrc@ltfs.com.

Who We Are

LTF is one of the leading Non-Banking Financial Companies ("NBFC") which provides a diverse range of financial products and services. Headquartered in Mumbai, LTF has secured the highest credit rating- 'AAA', from 4 leading rating agencies. Additionally, your Company has received top-notch ESG Ratings for its performance on sustainability. LTF operates across a wide network of branches pan India, ensuring accessibility to people having diverse financial needs across varied geographies. Your Company actively drives financial inclusion by extending its products and services to society's financially excluded and marginalised sections.

Your Company is deeply committed to upholding the legacy of its parent company, Larsen and Toubro Limited (L&T). The L&T Group, a respected name in India's private sector for over eight decades, is characterised by professionalism and high standards of corporate governance. L&T is engaged in core, high-impact sectors of the economy and integrated capabilities that span the entire spectrum of ‘design to delivery’. L&T has also played a vital role in significant projects of national importance such as the Ayodhya Ram Temple, ISRO's Chandrayaan 3 mission, the Statue of Unity, Kempegowda International Airport and the Mumbai Trans Harbour Link, among others.

Built on the Foundation of Trust and Commitment

Part of the illustrious L&T Group

Upper Layer NBFC as per RBI classification

Amongst Top Retail NBFCs

Highest Credit Rating – ‘AAA’

Top-Notch ESG Ratings

Vision

1 LTF envisions to be an admired and inspirational financial institution, creating sustainable value for all stakeholders

Values

1 **Ambition:** LTF aspire to achieve something more and doing better than it did yesterday.

2 **Pride:** Confidence in LTF's abilities as a stable and sustainable organisation that always contributes to the customer and every stakeholder.

3 **Discipline:** Creating a culture of results and not reasons, LTF places responsibility on doing what is right day after day

4 **Integrity:** Integrity beyond honesty, including focus, consistency

Sustainability Commitments

1 Become Carbon Neutral (Scope 1 and 2) by 2035

2 Maintain Water Positive/ Surplus status

3 Achievement of the set Sustainability targets

LTF became a publicly listed company in 2011, three years after its inception. Your Company has received a Certificate of Registration (CoR) as a Non-Banking Financial Company Core Investment Company (NBFC-CIC). However, pursuant to the merger, the Company, being the surviving entity, has applied for CoR as NBFC-ICC, and complies with the guidelines applicable to a NBFC-ICC, pending receipt of the CoR from RBI.

LTF has its shares and debt securities listed on the Stock Exchanges in India.

Board of Directors

S. N. Subrahmanyan

Chairman and Non-Executive Director

February 28, 2022

64 years

Indian

Committee Membership	N.A.
Expertise and Competencies	Leadership Qualities, Financial Sector Knowledge and Experience, Exposure in Policy Shaping and Industry Advocacy, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/International Exposure, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Sudipta Roy

Managing Director and Chief Executive Officer

January 24, 2024

52 years

Indian

Committee Membership

- Asset Liability Management Committee (Chairman)
- Corporate Social Responsibility and ESG Committee
- Stakeholders' Relationship and Customer Protection Committee
- Risk Management Committee
- IT Strategy Committee

Expertise and Competencies

Leadership Qualities, Financial Sector Knowledge and Experience, Exposure in Policy Shaping and Industry Advocacy, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/International Exposure, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Date of appointment | Age | Nationality

R. Shankar Raman

Non-Executive Director

May 1, 2008

65 years

Indian

Committee Membership	- Audit Committee - Nomination and Remuneration Committee - Risk Management Committee
Expertise and Competencies	Leadership Qualities, Financial Sector Knowledge and Experience, Exposure in Policy Shaping and Industry Advocacy, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/International Exposure, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Thomas Mathew T.

Independent Director

July 23, 2015

70 years

Indian

Committee Membership	- Nomination and Remuneration Committee (Chairman) - IT Strategy Committee (Chairman) - Audit Committee
Expertise and Competencies	Leadership Qualities, Financial Sector Knowledge and Experience, Exposure in Policy Shaping and Industry Advocacy, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/International Exposure, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Rajani R. Gupte

Independent Director

June 28, 2018

68 years

Indian

Committee Membership

- Corporate Social Responsibility and ESG Committee (Chairperson)
- Stakeholders' Relationship and Customer Protection Committee (Chairperson)
- Nomination and Remuneration Committee
- Risk Management Committee

Expertise and Competencies

Leadership Qualities, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

R. Seetharaman

Independent Director

January 23, 2024

65 years

Indian

Committee Membership

- Audit Committee (Chairman)
- Corporate Social Responsibility and ESG Committee
- Stakeholders' Relationship and Customer Protection Committee

Expertise and Competencies

Leadership Qualities, Financial Sector Knowledge and Experience, Exposure in Policy Shaping and Industry Advocacy, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/International Exposure, Information Technology & Cyber Security, Sustainability/ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Date of appointment | Age | Nationality

Nishi Vasudeva

Independent Director

June 15, 2017

68 years

Indian

Committee Membership

- Risk Management Committee (Chairperson)
- Audit Committee
- IT Strategy Committee

Expertise and Competencies

Leadership Qualities, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/ International Exposure, Information Technology & Cyber Security, Sustainability/ ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Pavninder Singh

Independent Director

June 15, 2017

47 years

Indian

Committee Membership

- Risk Management Committee

Expertise and Competencies

Leadership Qualities, Financial Sector Knowledge and Experience, Understanding of the Regulatory Framework, Corporate Governance, Financial Expertise, Risk Management, Global Experience/ International Exposure, Information Technology & Cyber Security, Sustainability / ESG Expertise

Full profile accessible at: https://www.ltfs.com/about-us

Details as on the date of the issue of the Report

Management Team

Sudipta Roy
Managing Director and Chief Executive Officer

Sachinn Joshi
Chief Financial Officer

Raju Dodti
Chief Operating Officer

Santosh B. Parab
General Counsel

Sanjay Garyali
Chief Executive – Urban Finance

Abhishek Sharma
Chief Executive – SME Finance

Sonia Krishnankutty

Chief Executive - Rural Business Finance

Apurva Rathod

Company Secretary and Chief Sustainability Officer

Asheesh Goel

Chief Executive – Farmer Finance

Kavita Jagtiani

Chief Marketing Officer

Ramesh Aithal

Chief Digital Officer

Performance Highlights

Financial Capital

94%
Retailisation

₹ 54,267 Cr
Total Retail Disbursements

₹ 80,036 Cr
Retail Book

₹ 2,320 Cr
Highest-Ever Annual PAT

3.15%
GS3

0.79%
NS3

2.32%
Return on Assets (ROA)

10.35%
Return on Equity (ROE)

3.35
Debt-Equity Ratio (Average)

₹ 9,444 Cr
Sustainability-Focussed/ Priority Sector Loans

Manufactured Capital

2.3 Cr+
Customer Database

51.60%
Proportion of Rural Loan Book* from Low-Income States#

1,965
Number of Branches Pan India (including HO)

13,000+
Distribution Touchpoints

~2 lakh
Villages Served

100+
Cities/Towns Served

*Rural Loan Book includes Rural Business Finance and Farmer Finance
Low-income states as per National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India

Intellectual Capital

₹ 1,100 Cr+
Digital Collections

₹ 5,700 Cr+
Digital Sourcing

100%
Digital Disbursements (Rural + Urban)

216 lakh+
Customer Servicing Experience through Digital Channels

91 lakh+
PLANET App Downloads

4.4
Star Rating on Google Play Store (PLANET App)

4.3
Star Rating on iOS App Store (PLANET App)

Human Capital

30,534
Total Employee Headcount

27%
Women in Group Executive Committee

22%
Share of Women in STEM Related Positions

48%
Increase in FLIV-Grade Women Employees over FY23

1.60
Female to Male Compensation Ratio

4.6%
Women in the Workforce

40.55
Average Training Hours per Employee

13
Focussed DE&I Sensitisation and Awareness Sessions

26,000+
Field Force

Social and Relationship Capital

₹ 23.83 Cr
Total CSR Spend

₹ 18.03 Cr
Spend over and above the CSR Obligation

12.70 lakh+
CSR Beneficiaries

1 lakh+
Beneficiaries Linked to Social Schemes

₹ 60 Cr+
Social Convergence Value

2 lakh+
Beneficiaries of Digital Seva Kendras

42 lakh+
CSR Beneficiaries (Until Date)

₹ 123 SROI
Completed Digital Sakhi Projects

ISO 26000:2010 Social Responsibility
Certificate of Conformance

64.20 lakh+
Number of Women Borrower

32.74 lakh+
Number of Repeat Women Borrowers

54
Overall Net Promoter Score (NPS)

Natural Capital

~18%
Carbon (Scope 1+2) Emission Saved/Sequestered Y-o-Y

~1,840 tCO_2e
Emissions Avoided (Green Power)

1,982 tCO_2e
Sequestered through Plantation

~99%
Maharashtra Branches Switched to Green Power

39%
Company Operations on Green Power

50,000+
Saplings Planted

>95%
Overall Plantation Survival Rate

Amongst the 1st
to Report Financed Emission for Select Retail Portfolio

100%
Paperless Journey in Rural Group Loans, Two-Wheeler Finance, Farm Equipment Finance, Personal Loans and SME Finance

ISO 14064-2:2019
Quantification of the Net GHG Removals*

150+
Acres Green cover

~183 lakh kl
Water Replenished (Watershed Management)

*For LTF Project Prakruti - Miyawaki Plantation in Beed and Dharashiv (Osmanabad District), Maharashtra

Ratings, Awards & Recognition

ESG Ratings

CDP Score- Climate Change 2023- 'A-'.
LTF received an 'A-' which is in the Leadership band. This is higher than the Asia regional average of C, and higher than the Specialized professional services sector average of C

MSCI ESG Rating - As of March 2024, LTF received an MSCI ESG Rating of 'A'

In November 2023, LTF received an ESG Risk Rating of 16.5 and was assessed by Sustainalytics to be at low risk of experiencing material financial impacts from ESG Factors*

S&P Global – Performed in top decile in the FBN Diversified Financial Services and Capital Markets Industry in the S&P Global Corporate Sustainability Assessment (Score as of January 2024)

For ESG Ratings, please access, https://www.ltfs.com/csr

***Disclaimer:** As of November 2023, LTF received an ESG Risk Rating of 16.5 from Morningstar Sustainalytics and was assessed to be at Low risk of experiencing material financial impacts from ESG factors. In no event the ESG Risk Rating shall be constructed as investment advice or expert opinion as defined by the applicable legislation.

Mahatma Awards 2023

ESG Excellence

Sustainability Summit and Awards at the UBS Forums Awards

ESG Category

Champion of ESG

Global Fintech Festival

Jury Choice Awards

6th Indian Chamber of Commerce Social Impact Awards 2024

Fame National Award

Digital Sakhi Project

Best Legal Team

ET Legal Awards 2023

Best Digital Transformation Initiative of the Year

4th Annual BFSI Excellence Awards 2023

Best IT Implementation of the Year

16th NBFC &Fintech Conclave and Awards 2023

Most Effective Use of Influencer Marketing

E4M Pitch BFSI Marketing Awards 2023

Best CSR Initiative Award

Banking Frontiers

Best Company in Sustainable CSR Award

Krypton Business Media

Best Sustainable Initiative in Women Empowerment

2nd India Sustainability Conclave and Awards

Most Impactful Women Empowerment Initiative of the Year 2024

Indian Social Impact Awards by India CSR

Chairman's Message

> **Your Company's competitive advantage lies in steadily building business strengths through carefully cultivated franchises, with the help of digital and data analytics.**

Dear Stakeholders,

It gives me immense pleasure to present your Company's second Integrated Annual Report with the theme **'Empowering with Technology, Building Futures'.** The theme rightly describes the organisation's successful journey towards becoming 'A Top-Class Digitally-Enabled Customer-Focussed Retail Fintech@Scale'.

We need to take this opportunity to thank Mr. Dinanath Dubhashi for all his contributions in elevating LTF to the Retail powerhouse it has become today. Dinanath served LTF with dedication and has contributed significantly and under his leadership and guidance, LTF has truly transformed. Dinanath has played a stellar role in building a strong team. He has also played a key role in succession planning. I would also like to wish the very best to Mr. Sudipta Roy who took over as the Managing Director and Chief Executive Officer of LTF. I am confident that under the leadership of Sudipta, your Company will continue to thrive and remain at the forefront of the NBFC sector.

Coming back to business, FY24 was a year when the world grappled with geopolitical tensions, inflation, supply chain constraints, and various macroeconomic factors. The global economy continued to reel under elevated pressure on account of conflicts. Apart from geopolitical concerns, additional pressure on the global economy was driven by monetary tightening, especially by the US FED. Concerns continued with the downturn in the real estate markets, coupled with declining real estate prices and sluggish job markets in major economies.

Despite all these global factors, the Indian economy continued to show promise and demonstrated remarkable resilience. India's strong fundamentals, especially the GDP growth, moderating inflation and stable currency, prompted the Reserve Bank of India (RBI) to revise its GDP growth projections at 7% for FY25. Such unprecedented growth for the country was observed amid a period when global economies were struggling to grow by even 2 to 3%. The sustained growth of the Indian economy has been driven by policy measures not only at the macro level but also at the micro level.

The focus on digitisation, digital economy, technology-driven developments, localisation efforts, energy transition and climate actions, coupled with investments and growth, augurs well for the country. Also, India's energy transition from the use of traditional energy to renewables along with the tightening of environmental pollution norms and the responsible use of thermal power are key pillars towards carbon neutrality. Initiatives like 'Digital India' and 'Make in India' have truly encouraged the creation of new opportunities, driven financial inclusion, and even accelerated economic activities with increased foreign investments, higher job creation, and enhanced domestic manufacturing. All this along with the investments towards boosting infrastructure over the past few years, has helped in improving the overall economy. Even the focus on social welfare initiatives and simplification of regulations has helped newer businesses come up and attract a slew of international investments. The confidence in the Indian economy has also been shown by the International Monetary Fund (IMF) where for FY25 and FY26, India's GDP is projected to remain strong.

India's robust and resilient growth story is remarkable and is also aiding the growth of your Company. To this effect, we have consistently played a part as an accelerator of India's growth story by providing access to funds and democratising credit. Today, your Company is not only providing credit access through traditional means, but also consistently deploying its digital capabilities to facilitate ease of financing. The digital initiatives deployed by your Company completely align with the Government's vision of 'Digital India', and supports the underserved and unbanked communities by providing them access to organised credit. Furthermore, with the anticipated positive monsoon season in FY25, we expect improved rural income and spending, thus potentially benefitting business segments like Rural Business Finance, Farmer Finance, Vehicle Finance, and Personal Finance.

In early 2023, Sudipta, the Leadership Team, and I undertook a journey to the rural areas of Madhubani (Bihar) and Gorakhpur (Uttar Pradesh), to immerse ourselves in Rural Business Finance and Farmer Finance. The purpose was to gain firsthand insights into the evolving needs of our customers and our people in Rural India. What we observed was a notable transformation driven by the widespread embrace of digital technology. These interactions served as our compass, guiding us to develop products and digital solutions that cater to the evolving needs of our customers and enhance their satisfaction.

Glancing at the performance of LTF, it has made a remarkable transformation from a predominant Wholesale Financier to a Retail Financer in a short time. This is a humongous achievement. Your

Company continued with its plans of accelerated reduction of its Wholesale Book, with a steep reduction from ₹ 19,512 Cr to ₹ 5,528 Cr in FY24 implying a reduction of 72% on Y-o-Y basis. As for the Rural and Urban Ecosystem, your Company has built a digital retail franchise with a book size of over ₹ 80,000 Cr, with Rural and Urban Book size standing tall at around ₹ 40,000 Cr each while maintaining pristine asset quality.

FY24 has been a milestone year in your Company's journey, as your Company achieved 'Lakshya 2026' goals at Retail level in Q3FY24 as highlighted below. Your Company has now reoriented to converge at consolidated level by FY26:

- Retailisation at 94% vs original target of >80%
- Retail Book growth at 31% Y-o-Y vs targeted growth rate of 25%
- Q4FY24 Consolidated Asset Quality - Gross Stage 3 at 3.15% and Net Stage 3 at 0.79%, as against the targeted GS3 of <3% and NS3 of <1%, respectively

Apart from the stellar business performance for the year, your Company completed the merger of its subsidiaries with itself. The merger has led to the creation of a simplified 'Single Lending Entity', consolidating all lending businesses under one operating NBFC. The merger has

brought in many benefits for your Company, in the form of reduction of complexity in the corporate structure, enhanced liability management, ability to provide improved returns to its shareholders, seamless compliance and adherence to RBI Scale-based Regulations.

Your Company is investing heavily into being a Digital Financial Company. Analytics and Gen AI are being used to improve business functioning and operational efficiency. Going forward, your Company will continue to aim at delivering consistent, predictable, and sustainable growth, with a minimum of 25% CAGR of its book. Furthermore, to consistently achieve such growth, your Company will continue to progress with digital finance delivery as a customer value proposition, thus touching every part of the customer ecosystem through its digital offerings. Your Company's persistent focus on performance has made delivery of such numbers possible. This achievement wouldn't have been possible without the commitment to consistent performance by the people of your Company.

Your Company's competitive advantage lies in steadily building business strengths through carefully cultivated franchises with the help of digital and data analytics. The optimal mix of a strong physical presence and preferred channel partners, coupled with leveraging your Company's database of over 2.3 Cr customers (of which about 1.55 Cr are Rural and about 0.75 Cr are Urban), has put in place a superior retail franchise, adept at meeting the dynamic needs of the customers. Supported by digitisation,

your Company has built a 100% paperless journey in Rural Business Finance, Farmer Finance, Two-Wheeler Finance, Personal Loans and SME Finance, thus boosting its digital collection capabilities. The work around digitisation is progressing on multiple fronts to create a digital fortress with a best-in-class infrastructure. Your Company is also partnering with various leading FinTech companies for better customer prospects and even upgrading the branch IT infrastructure with the aim of increasing operational efficiency.

Besides the solid focus on digital, your Company over the last couple of years ensured higher emphasis on improved risk management, credit underwriting, and data analytics. Your Company has consistently invested in upgrading and strengthening its risk management tools. Towards this goal, it has put in place risk detection with enhanced and real-time data analytics, next-gen scorecards, risk monitoring dashboards, geo-agnostic underwriting, analytics-based multi-layer controls, and early warning signals to minimise and mitigate risks. Furthermore, data analytics has enabled your Company to provide enhanced customer experience through lower turnaround time and improved market position. By analysing various data points like income, credit history, debt-to-income ratio, and financial metrics, risks are assessed, and lending decisions are taken. Utilising strengths like deeper risk management, credit underwriting, and data analytics, your Company has been able to curtail the GS3 from 4.74% in FY23 to 3.15% in FY24.

Delving into marketing and communications initiatives, your Company has partnered with various industry-leading institutions and media houses, and deployed various campaigns to enhance its brand visibility and presence. These aspects have become crucial as they help in enhancing credibility and trust, drive differentiation, increase brand visibility, direct market expansion, and even build and foster strong customer loyalty. Visible results of our marketing and communication initiatives are being seen in the form of greater recognition at various industry-leading platforms, higher engagement and satisfaction among our existing and new customers, both Rural and Urban, showcasing overall improvement in business outcomes.

Coming to ESG, your Company has been an early adopter and has been successfully integrating ESG in business operations and processes to create an ESG conscious organisation. It is important to note that we have been making a positive impact through measures such as optimal resource utilisation, energy efficiency, and water conservation. Carbon footprint through reduced GHG (Scope 1+2) emission have been brought down by ~18% from the previous year, while increasing reliance on Renewable Energy in operations to ~39%.

Additionally, while being steadfast towards its commitment of carbon neutrality by 2035, your Company has also taken various steps to replenish ~183 lakh kl water and built surplus through rain water harvesting structures.

On the flagship CSR programme - Digital Sakhi, our financial literacy and inclusion initiative is across 9 states and has impacted over 42 lakh community members comprising 80% women since its inception. The Digital Sakhis linked 1 lakh+ community members with social entitlement schemes worth ₹ 60 Cr+. Lastly, with respect to the completed Digital Sakhi projects, a study undertaken by CRISIL highlights that for every 1 rupee that your Company has invested, a social value of ₹ 123 has been generated. Under Project Prakruti, over 1.5 lakh saplings have been planted since inception.

For employees, your Company has taken various initiatives towards talent management, recognition, training, and development, by providing cross-functional opportunities to existing employees to job rotation internally. Your Company not only invests in its people but also helps facilitate wealth creation opportunities.

Further, as part of its diversity and equity initiative (DE&I) your Company has implemented several focussed interventions across roles within the organisation to improve gender diversity. The focus is reflected in the gender diversity ratio which we have achieved during FY24.

33%

Independent Directors are Women

27%

Group Executive Committee are Women

~48%

Increase in Field-Level Women Hiring on Y-o-Y Basis

The results of the interventions, albeit on a smaller scale can be seen in the overall women representation in our workforce, which now stands at 4.6% vis-à-vis 4% last year.

The outcome of the adoption of various sustainability-related practices, not only in operations, but also in business, is seen in your Company being recognised as the best ESG rated Company in the sector.

In conclusion, we extend our heartfelt gratitude to each of our stakeholders and our Board for the unwavering confidence in LTF. It is your trust which is the driving force behind your Company's success, and we truly appreciate the support that each of you continues to provide. Our commitment to delivering value and sustainable growth remains steadfast. The confidence of our stakeholders and the Board motivates us to strive for excellence, and we are dedicated to upholding the trust placed in us.

Best Regards,

S. N. Subrahmanyan

Chairman

Managing Director and Chief Executive Officer Message

Your Company's accomplishments in FY24 demonstrate its solid execution strengths towards building a stable and sustainable business.

Dear Stakeholders,

As I embarked on this journey as the Managing Director and Chief Executive Officer of L&T Finance from January of this year, I am filled with gratitude and optimism. It's a privilege to lead such a dynamic organisation which is well on its way to become a Fintech@Scale in the NBFC retail space.

This is my first address as the Managing Director and Chief Executive Officer of your Company and before I begin, I would like to take a moment to express my heartfelt appreciation for the exceptional support and guidance provided by the former Managing Director and Chief Executive Officer, Mr. Dinanath Dubhashi. His wisdom and mentorship were instrumental in ensuring a seamless transfer of responsibilities. Under his leadership, L&T Finance, started its journey of transforming into a resilient franchise with a clear path for growth. I am committed to building upon his legacy as we navigate the exciting opportunities ahead.

I am also honoured to join L&T Finance, benefiting from the strong legacy of its parent, L&T, led by our Chairman, Mr. S. N. Subrahmanyan The L&T Group has always been recognised for its contributions across sectors like engineering, construction, technology, and finance. The Group, has over the years, played a vital role through its contribution towards significant projects of national importance like ISRO's Chandrayaan-3 mission, Statue of Unity, Kempegowda International Airport, Ram Mandir in Ayodhya, Mumbai Trans Harbour Link, and Atal Setu, among others.

Let's now talk about the year gone by and your Company's performance. FY24 was a year marked by hope. Though the pandemic persisted, many uncertainties receded, and the year held significant promise despite certain challenges. The global economy faced stubborn challenges like persistently high interest rates, escalating geopolitical conflicts, sluggish international trade, and climate issues. On the other hand, geopolitical hurdles, coupled with the troika of global indicators (US Treasury yield, Dollar Index, and Brent Crude), which hovered around their six-month high levels, continued to create economic uncertainties and kept the global economy rangebound.

Despite these uncertainties, the year gone by was indeed a splendid year for India, with the country maintaining its position as one of the world's fastest growing major economies. During FY24, India's GDP continued to grow by around 7.6%, thus reaching the US$ 3.9 Tn mark. The growth in GDP continued to be driven by improved private consumption, strong gross domestic capital formation, fiscal discipline, high saving rates, and rapid growth across key sectors like financial services, real estate, hospitality, transportation, and communications. Apart from the GDP growth, India's foreign exchange reserves also grew to over US$ 645 Bn implying a jump of US$ 64 Bn since March 2023. Furthermore, FDI inflow over the past decade, especially on the technology front, helped drive such high forex reserves. And this inflow has been led by major economies like the United States, Singapore, Canada, Mauritius, and the United Arab Emirates.

We must acknowledge the proactive interventions by the Government and regulators in maintaining the focus on growth. They prioritised infrastructure investments, manufacturing incentivisation, policy reforms, the consumption push, job creation, and much more. All these aspects helped the country in mitigating multitude of obstacles and stay in the bright spot.

The next decade promises to be another vibrant chapter in India's growth story. Your Company is confident that there are enough positive factors that will propel India towards the US$ 7 Tn mark by 2030. Furthermore, India is amidst a digital revolution , and will witness massive use of technology-enabled efficiencies that will emerge across customer acquisition, user experience, artificial intelligence, and machine learning algorithms. This revolution will help credit underwriting through sophisticated data models, using the data that is being generated. These sweeping digital technologies are also bridging the gap between 'India' and 'Bharat' playing an important role in transforming and accelerating retail consumption across the country.

Talking about your Company, FY24 saw achievement of many milestones, one of them being merger of L&T Finance Limited (formerly L&T Finance Holdings Limited), into a single entity, a journey that began almost 7 years ago. The merger could not have been more timelier, and truly is an important landmark in the history of your Company. The formation of the single entity will allow for seamless governance, increased operational efficiencies, and synergies in treasury and liquidity management.

The balance sheet continued to remain resilient post the pandemic and the asset quality stayed healthy, emerging amongst the best in the industry. The Company's accomplishments in FY24 demonstrate its solid execution strengths towards building a stable and sustainable business.

Here are some noteworthy achievements:

- Highest ever annual retail disbursements of ₹ 54,267 Cr, a growth of 29% Y-o-Y
- Highest ever annual PAT of ₹ 2,320 Cr, with a growth of 43% Y-o-Y.
- Highest ever quarterly retail disbursements of ₹ 15,044 Cr, registering a growth of 33% Y-o-Y; retail book crossed the ₹ 80,000 Cr milestone, recording a growth of 31% Y-o-Y, buoyed by the increased demand from both the rural and urban segments
- Rural Business Finance: Highest ever quarterly disbursements of ₹ 5,768 Cr, up by 31% Y-o-Y; book size crossed the milestone of ₹ 24,000 Cr. The business also witnessed highest ever annual

disbursements at ₹ 21,495 Cr, a growth of 27% Y-o-Y

- Farmer Finance: Disbursements stood at ₹ 1,530 Cr in Q4FY24. The strong business momentum during the year despite the de-growth across the industry was reflected with the growth rate of 8% Y-o-Y leading to the book size reaching ₹ 13,892 Cr
- Urban Finance Business (Two-Wheelers, Personal Loans, and Home Loans and LAP businesses): Growth in the quarterly disbursements was by 32%. The overall book size for the Urban Finance business stood at ₹ 36,089 Cr, a growth of 30% Y-o-Y
- SME Finance business: Disbursements stood at ₹ 1,213 Cr. The month of March 2024 also registered the highest ever disbursement of ₹ 458 Cr with the book inching towards the milestone of ₹ 4,000 Cr
- Sustained focus towards improvement in credit parameters across businesses ensured consolidated GS3 and NS3 numbers coming down by 159 basis points (bps) to 3.15% and by 72 bps to 0.79%, respectively at the end of FY24
- WAC remained stable on a sequential basis on account of astute liability management

Having met 'Lakshya 2026' goals at the retail level in Q3FY24, two years ahead of time, your Company is now

reorienting itself for convergence at the consolidated level by FY2026. Accordingly, the new targets for Lakshya 2026 have been set at over 95% retailisation, over 25% CAGR growth of the retail book, and GS3 and NS3 at <3% and <1% respectively at the consolidated levels. To achieve these targets, your Company has charted out the 5-Pillars of execution:

- Increasing the retail customer acquisition velocity every quarter
- Building world-class risk frameworks focussing on credit quality and the nextgen credit engine
- Creating next-gen digital architecture
- Focusing on brand building to make sure that we increase our visibility
- Prioritising capability building by hiring talent and creating positions to improve our efficiencies

The details on granular execution of the 5-Pillars strategy and our efforts and actions so far on these pillars have been highlighted in the section 'Management Discussion and Analysis'.

It is noteworthy that your Company processes on an average 50 lakh new loans in a financial year and operates across 20 states through over 1,960 branches, having a customer base of 2.3 Cr. The customers are spread across nearly 2 lakh villages and around 100 cities/towns. Keeping these aspects in mind, every decision we take is with a 'Service First Culture' at the core and while keeping the benefits of our customers at heart.

Your Company also believes that having regular interactions with its customers has helped in acquiring necessary feedback and enabled improvement in processes, products, and services. These conversations have also helped in fostering a shared sense of purpose with the customers. LTF has digitised many of the customer service interactions at a fast pace and I firmly believe that this will provide the momentum to keep improving our 'Service First Culture'. While your Company is making progress on our customer service, I believe that this journey needs to be accelerated, and to this effect we are fully committed to improving our customer-centric approach further. Towards this, LTF has ensured top-class customer onboarding journeys, being one of the areas where it has implemented new-age technologies with enhanced and real-time risk detection techniques.

In addition to digitising our offerings, we keep on monitoring the complaint trends and these indicate that digital frauds are increasing, particularly targeting certain vulnerable section of customers. Your Company is committed to help safeguard customers by way of increasing awareness among people and improving its technology tools. With the emerging use of new-age technologies, there is a need to develop a comprehensive understanding of security risks associated with Artificial Intelligence, Machine Learning, and Cloud Security. This involves understanding the specific vulnerabilities and attack vectors that are relevant for each technology, as well as the potential impact of security breaches.

Your Company has implemented cybersecurity solutions which are best-in-class and are among the very few that have a secured environment, thereby preventing and blocking attacks on perimeter and endpoints. Moreover, through the use of latest technology to mitigate risk using a multi-layered approach, your Company has been able to proactively deploy best-in-class technology solutions to mitigate risks and ensure that systemic controls are in place.

Now, considering on the current environmental scenario, sustainability has become imperative for any organisation, irrespective of the sector it is operating in. In my opinion, NBFCs can play a crucial role in promoting sustainability practices while lending.

Under 'E', your Company has contributed towards reducing its carbon footprint by reducing the GHG emissions, while increasing reliance on renewable energy in operations. Also, I am proud to inform that your Company has achieved the highest-ever Carbon Disclosure Project (CDP) score of ‘A-’ in the ‘Leadership’ band, making it the only Indian NBFC to achieve the recognition in the band. In FY24, we raised around US$ 250 Mn under Sustainable Financing from Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA).

Under “S”, the flagship CSR programme - Digital Sakhi, our financial literacy and inclusion initiative is being run across 1,700+ villages, 20 districts, and 9 states and has impacted over 12.5 lakh community members in FY24. Under Project Prakruti, over 50,000 saplings have been planted in FY24, thereby boosting green cover and at the same time, creating income generation opportunities for farmers.

Further, for your Company, supported by ~30,000 employees, prioritising the fair treatment of employees is crucial, as they play a pivotal role in serving our customers who are instrumental in our success. At the beginning of FY25, LTF conducted its inaugural employee engagement survey in collaboration with 'Great Place to Work', aiming to gain insights into its workforce perspectives. This will aid implementation of effective strategies to enhance our brand and foster a culture that attracts, retains, and engages top talent. Additionally, we honoured employee commitment and loyalty through our 'Long Service Awards', recognising individuals who have significantly contributed to shaping L&T Finance into the powerhouse it is today over the span of 10, 15, and 20-plus years.

Moreover, we are committed to promoting Diversity, Equity and Inclusion (DE&I) throughout the organisation. A ~48% Y-o-Y increase in the number of Women Field-Level Officers and 27% women representation in our Group Executive Committee, reflects the DE&I ethos at your Company.

Our robust principles of corporate governance and a framework aided by a strong Board level oversight, has laid the foundation which helps the Company unlock additional opportunities, earn lasting trust with stakeholders, and boost long-term revenues.

I strongly believe that with the adoption of an effective sustainability strategy, organisations can deploy resources more efficiently, mitigate climate change, promote inclusive growth and labour practices, adhere to regulatory compliance requirements, and even drive long-term value creation for all their stakeholders.

In conclusion, I would like to say that FY24 started with optimism of achieving the ‘Lakshya 2026’ goals, with your Company achieving the goals in advance. Going forward, LTF's focus will be towards ensuring that our performance is consistent, predictable, and sustainable. While doing this, your Company will ensure that it does its best towards contributing to the nation building agenda by helping more Indians through the best products and services, and even through job creation.

Finally, I express my heartfelt gratitude to all our stakeholders, including the Board Members and my colleagues, for their support not just for the year gone by, but also for their efforts over the years, making your Company count amongst the world’s finest retail Fintech.

Best Wishes,

Sudipta Roy

Managing Director and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

Macroeconomic Review

The global economy in FY24 grappled with slowdown in economic growth due to persistence of high interest rates, increasing geo-political conflicts, sluggish international trade, and climate related issues. Notwithstanding the uncertain global economic backdrop, the Indian economy continued on its strong growth trajectory in FY24 on the back of some of its key inherent strengths, viz. macrofinancial stability (characterised by a steadfast inflation targeting regime, adherence to fiscal consolidation roadmap, manageable current account deficit and stable exchange rate along with an adequate buffer of forex reserves), strong twin balance sheets of banks and corporates, and front-loading of public capex in key sectors.

Throughout FY24, the Indian economy has maintained its stature as the fastest growing country in the world. The growth outlook was frequently revised upwards following better-than-expected quarterly growth numbers during the year.

Revisions in India's GDP Growth for FY24

IMF	5.9% (Apr'23)	6.1% (Jul'23)	6.3% (Oct'23)	6.7% (Jan'24)	6.8% (Apr'24)
RBI	6.5% (Apr'23)	7.0% (Dec'23)	8% (Mar'24*)		
Fitch	6.0% (Mar'23)	6.3% (Jun'23)	6.9% (Dec'23)	7.8% (Mar'24)	
S&P	6.0% (Mar'23)	6.0% (Sept'23)	6.4% (Nov'23)	6.8% (Mar'24)	

*As per the RBI Governor's media interactions

As per the second advance estimate of the National Statistical Office, the Indian economy is estimated to have grown by 7.6% in FY24 compared to 7% in FY23. The strong growth performance is driven by strong momentum in the industrial sector and public capex thrust. The services sector too remained resilient in FY24. The agriculture and allied sector is estimated to have grown by 0.7% in FY24 compared to 4.7% in FY23 due to the presence of El Nino conditions. However, relatively higher mandi prices for major agricultural crops and increased allocations under MNREGA acted as the income stabilisers for rural belts.

The Consumer Price Index (CPI) based inflation moderated in FY24 albeit with heightened volatility due to food price shocks. Prices of cereals, pulses, vegetables, and spices surged to double-digit levels during FY24, and intermittent vegetable price shocks kept the overall food inflation levels highly volatile. On the positive side, the decline in core inflation persisted throughout FY24 and touched 3.25% in March 2024, its lowest level since January 2012. RBI has reiterated its policy imperative of bringing down headline inflation to 4% on a durable basis. Consequently, after hiking the policy repo rate by 250 bps in FY23, it stood firm on its policy repo rate (6.50%) and stance (withdrawal of accommodation) during FY24. The Wholesale Price Index (WPI) based inflation collapsed in FY24 and averaged -0.70% during FY24 versus 9.41% during FY23, primarily due to deflation in manufactured product prices on the back of moderation in global commodity prices.

The Central Government hastened its adherence to the fiscal consolidation roadmap in FY24 by containing fiscal deficit to GDP ratio at 5.8% (marginally better than the budgeted 5.9%), despite a lower nominal GDP growth of 8.9% compared to the projected growth rate of 10.5% for budget estimates of FY24. Moreover, the quality of public expenditure continued to improve as the growth in capital expenditure (28.4%, Y-o-Y) significantly outweighed growth in revenue expenditure (2.5%, Y-o-Y) in FY24.

India currently holds the fourth-largest foreign exchange reserves (US$ 646 Bn as of March 29, 2024) in the world, up from the sixth-largest since the Covid-19 pandemic. The Indian Rupee was stable and moved in a tight range of 81.65-83.40 during FY24, aided by RBI's both-side interventions in currency markets.

The announcement of India's inclusion in JP Morgan's Government Bond Index-Emerging Markets (GBI-EM) provided an impetus to debt inflows into the country. In fact, FPI debt flows significantly jumped since November 2023, typically known as 'front loading' of inflows to take advantage of favourable price movements once the bond inclusion takes place in June 2024. Even Bloomberg announced in early March 2024 that it will include India Fully Accessible Route (FAR)

bonds in the Bloomberg Emerging Market (EM) Local Currency Government Index and related indices, to be phased in over a ten-month period, starting January 31, 2025. The inclusion of Indian bonds in these two key indices could attract billions of dollars of foreign investment to the Indian Government securities (G-Sec) market. This could potentially lead to a decline in Indian bond yields and strengthen the rupee.

The resilience of the NBFC sector has increased over the years driven by substantial capital buffers, improving asset quality and robust earnings. Upper Layer NBFCs recorded a healthy growth in H1 FY24 and their GNPA ratio gradually improved while capital position remained robust. During H1 FY24, NBFC loan growth (Y-o-Y) was highest for housing (58.9%) followed by MSME (57.4%), agriculture (52.0%) and micro loans (50.7%). This reflects the NBFC sector's thrust on 'financial inclusion'. According to the RBI, the increase in risk weights (on Personal Loans and loans given to NBFCs by banks) in November 2023 is pre-emptive in nature and in the interest of macro-financial sustainability.

Outlook for FY25

In recent months, various multilateral agencies have upgraded their projections for world economic growth in 2024. The International Monetary Fund (IMF) has revised its global growth forecast to 3.2% in April 2024 (0.1 percentage point higher from January 2024). It projects India's GDP to grow at the rate of 6.8% in FY25. On the inflation front, the RBI projects CPI based headline inflation at 4.5% in FY25, assuming a normal monsoon year. The unwavering inflation targeting regime supported by the contractionary fiscal policy should help in moderating inflationary pressures on a sustained basis. The Central Government has envisaged to bring down its fiscal deficit to 5.1% of the GDP in FY25 from 5.8% in FY24. The intended augment to public capex will augur well for infrastructure and construction industry groups. More importantly, the Central Government has budgeted lower market borrowings in FY25 than in FY24 which will reduce supply pressure on the markets which will have favourable influence on interest rates.

As per India Ratings, the growth rate in AUM of NBFCs will moderate in FY25 compared to FY24. Following increase in risk weights by the RBI, costs of funds for NBFCs from banks have increased and is likely to remain elevated in FY25. The incremental funding requirement for the NBFC sector will be ₹ 4.5 Tn in FY25 and the volume of public NCDs might go up in FY25.

Projections for India's GDP Growth in FY25	IMF	World Bank	OECD	RBI	Fitch	Moody's*	S&P
	6.50%	6.40%	6.20%	7.00%	7.00%	6.40%	6.80%

*CY2024

Possible Risks

Global Risks

Geopolitical Tensions

Geopolitical risks remain high, as reflected in the surge of container shipping costs in recent months due to hostilities in the Red Sea and disruptions in other key global trade routes. Moreover, disruption in supply chain due to conflicts in the Middle-East could have a sudden adverse impact on crude prices, which will have a huge bearing on India's balance of payments. There will be a significant impact on India's growth, inflation and CAD if Brent crude prices breach the US$ 110 per barrel ceiling.

Climate Risks

The world witnessed the hottest year on record in 2023. India witnessed the driest August in 2023. Such instances of extreme climate events are getting frequent and therefore, there is a rising apprehension that the Paris agreement limit may be breached sooner than expected.

Pessimistic Global Scenario

There will be heightened economic and financial instability if the US and Europe enter a recession with significant political upheavals. A prolonged slowdown in advanced economies could have second-order implications on financial stability and supply chain disruptions.

Domestic Risks

Vagaries of Monsoon

The India Meteorological Department (IMD) has predicted above normal south-west monsoon in 2024, with La Nina conditions likely to develop during August-September 2024. However, what matters for the agricultural performance is the distribution of rainfall, in spatial as well as temporal terms. If rainfall distribution happens to be skewed in 2024, it will further add to the ongoing stress in rural belts, especially for the lower income groups.

Further Delay in Private Capital Spending

In the past few budgets, India's Central Government prioritised capital spending and supported the State Governments for doing so. This helped India achieve higher growth rates during the post-pandemic period. However, the private sector's response to the Government's investment push has been inadequate so far, contradicting the expectation that public investment would crowd-in private investment. Going forward, the Government will be unable to sustain high levels of capital spending, while addressing the issues of fiscal consolidation and supporting social spending on basic welfare schemes.

Higher for Longer Interest Rates

If recurrent food price shocks prompt the Monetary Policy Committee (MPC) of RBI to keep interest rates higher for longer, then it will increase debt costs for consumers and businesses, likely leading to slower economic activity during FY25.

Extended Weakness in Exports

India's cumulative merchandise exports growth during FY24 was -3.1% (Y-o-Y) versus 6.7% (Y-o-Y) in FY23. India's investment cycles are closely interlinked with the exports cycle. If the talk of a soft landing for the global economy proves wrong, given the risks from populism to protectionism, military conflict to the climate crisis, and China to Wall Street, there is a high likelihood that India's exports and investments will weaken further and act as a drag on domestic growth during FY25.

L&T Finance

Lakshya 2026 Goals Achieved In FY24 Itself!

2 Years In Advance!

Retailisation	Retail Growth	Retail Asset Quality	Retail RoA

FY24 in Perspective

In line with parent L&T's Lakshya 2026 plan, LTF in April 2022 set and embarked towards achieving Lakshya 2026 goals.

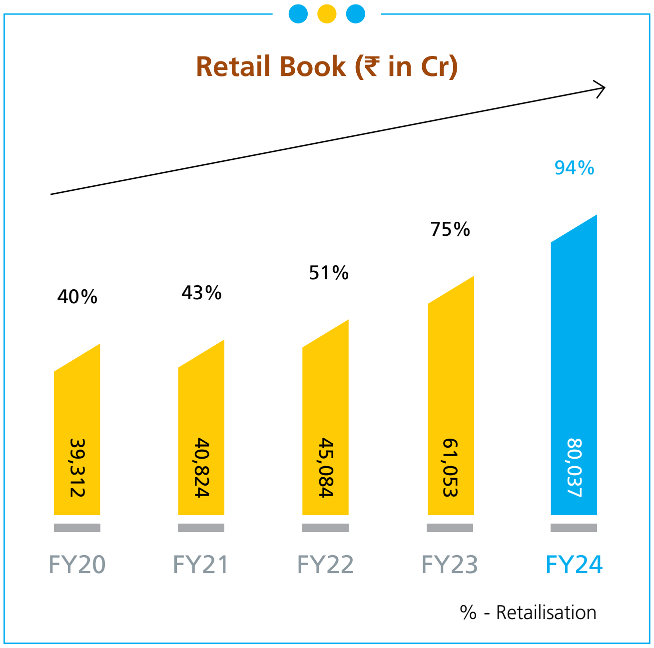
LTF Retail	Retailisation	Retail Growth	Retail Asset Quality	Retail RoA
EXISTING Lakshya 2026 Goals (Retail)	>80%	>25% CAGR	GS3 <3% NS3 <1%	2.8%-3%
Year 2-FY24 (Retail)	✓	✓	✓	✓

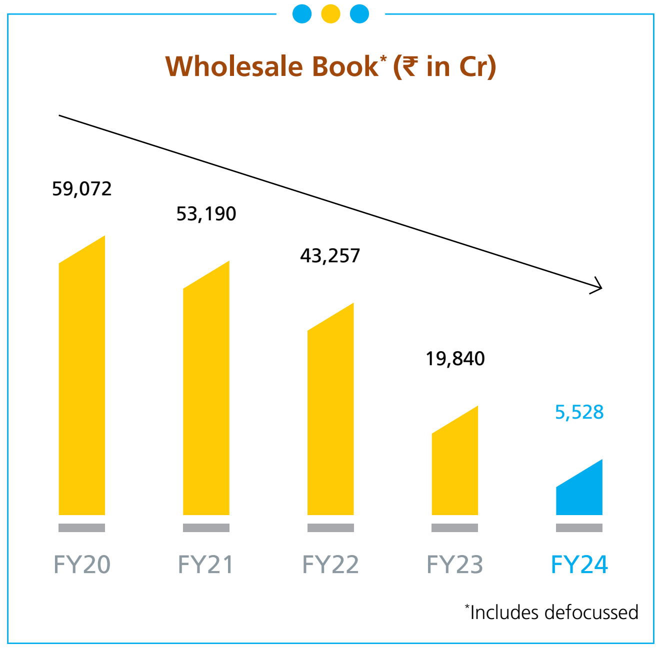
Now, having achieved Lakshya 2026 goals at Retail level, we are looking at convergence of goals at consolidated level by FY26

LTF Consolidated	Retailisation	Retail Growth	Consol Asset Quality	Consol RoA
REVISED Lakshya 2026 Goals (Consolidated)	>95%	>25% CAGR	GS3 <3% NS3 <1%	2.8%-3%
Year 2-FY24 (Consolidated)	94%	31% Y-o-Y	GS3 3.15% NS3 0.79%	Q4 2.19% FY 2.32%

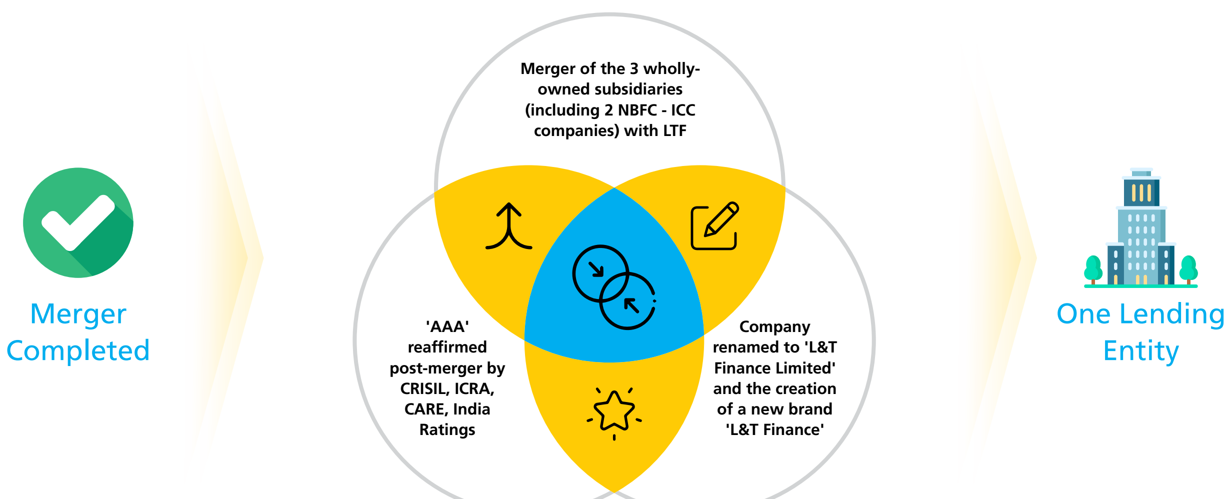
Strategic Initiatives That Helped Us Achieve Lakshya 2026 Goals 2 Years In Advance

Accelerated Pace of Retailisation





Merger Completed – Evolved into a 'Single Lending Entity' Structure



Going Forward

5-PILLAR STRATEGY TO ACHIEVING LAKSHYA GOALS AT CONSOL LEVEL

1 Enhancing Customer Acquisition

Broadening customer funnel and velocity while increasing throughput

Harvesting the customer and increasing cross-sell, while keeping risk under control

Launching contiguous product offerings

2 Sharpening Credit Underwriting

Building a self-learning credit engine based on bureau, account aggregator and alternate data signals to make underwriting more robust

3 Implementing Futuristic Digital Architecture

Optimising digital journeys to eliminate chokepoints and provide a superlative experience to customers

In-house engineering for enhanced time to market

4 Heightened Brand Visibility

Enhancing brand presence across channels

Building salience and recall for the brand 'L&T Finance'

5 Capability Building

Focussed enhancement and optimisation of talent pool in:

- Artificial Intelligence / Machine Learning
- Credit and Risk
- Tech and Engineering

Granular Execution on the 5-Pillar strategy in FY24

Your Company continues to granularly track and execute the 5-Pillar strategy towards reaching a consolidated RoA of 2.8% to 3%, creating a sustainable and predictable retail franchise.

1 Pillar 1: Enhancing Customer Acquisition

LTF believes in increasing its customer acquisition funnel by consistently increasing its surface area and depth of distribution through horizontal and vertical deepening of its franchise.

Your Company is one of those which has an equal and deep presence across the rural and urban landscape boasting of a customer database of over 2.3 Cr. LTF is looking constantly looking to expand this base by expanding its geographic and channel footprint through its fulcrum products of Rural Group Loans & Micro Finance, Farmer Finance and Two-Wheeler Finance and growth products of Home Loans & LAP and Personal Loans while retaining and increasing the wallet share of existing customers in the franchise through efficient up-sell and cross-sell. Thereby, LTF endeavours to achieve operating leverage & consistently bring down the cost of acquisition.

Rural and Urban Customer Funnels

Attracting New Customers

Rural Funnel **Urban Funnel**

By Increasing Distribution Footprint

Customer Acquisition (Initiated from Q3 Onwards)	Q1FY24	Q2FY24	Q3FY24	Q4FY24
New Customer Acquisition (No. in lakh)	6.9	6.4	6.8	6.8
Expanding Reach (Initiated from Q3 Onwards)				
Rural Group Loans and MFI New villages Activated (Nos.)	-	-	12,973	21,524
Two-Wheeler Finance Active Sourcing Points (Nos.)	-	-	9,501	10,711
Farm Equipment Finance Active Sourcing Points (Nos.)	2,682	2,575	2,633	2,431
Personal Loans Active DSAs and E-Aggregators (Nos.)	26	26	30	48
Home Loan/LAP Active Sourcing Points (Nos.)	281	304	288	322

Towards creating a deeper customer and distribution footprint

Rural and Urban Customer Database

Rural

Urban

~1.55 Cr | Leveraging 2.3 Cr+ Database | ~0.77 Cr

Active Customers – 94 lakh+

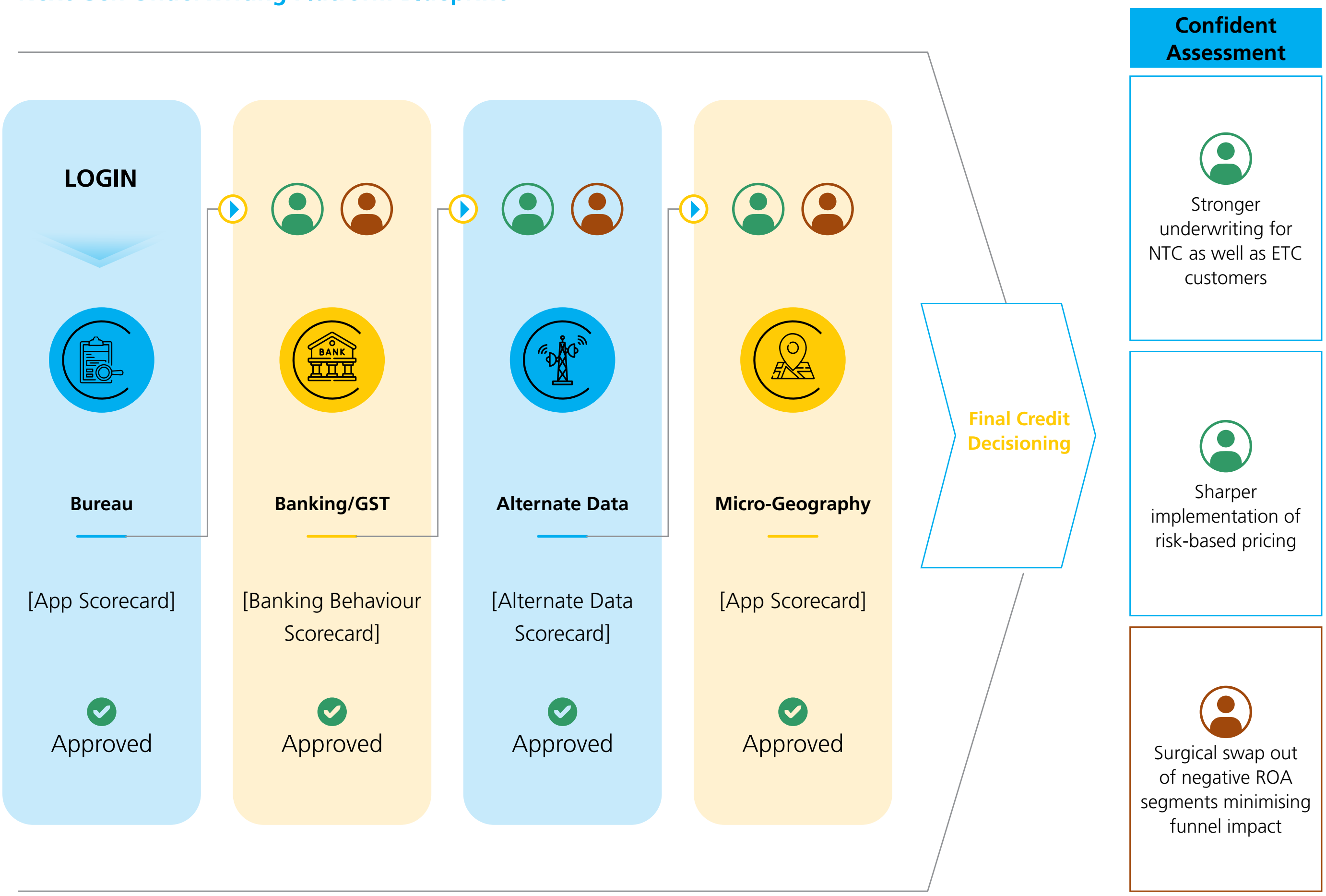
Cross-Sell and Up-Sell	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Total Retail Disbursement Share (Count)	41%	48%	45%	46%
Total Retail Disbursement Share (Value)	34%	38%	33%	34%
Rural Group Loans and MFI Repeat (% Value)	61%	70%	70%	69%
Farm Equipment Finance (% Value)	19%	25%	18%	25%
Personal Loans to Existing Customers (% Value)	44%	47%	57%	59%

Robust Cross-sell / Up-sell momentum maintained throughout FY24

2 Pillar 2: Sharpening Credit Underwriting

LTF endeavors to create a next-gen integrated underwriting platform leveraging multi-axis underwriting through best-in-class technology by a combination of scorecards comprising credit bureau, account aggregator framework and alternate data signals. Through this initiative, we expect to create an omni-product and omni-customer credit underwriting engine.

Next Gen Underwriting Platform Blueprint



NTC: New-to-Credit | ETC: Existing-to-Credit

3 Pillar 3: Implementing Futuristic Digital Architecture

LTF is re-architecting its tech stack to build a solid, future-ready digital backbone across the domains of customer experience, process engineering, IT infrastructure and information security. This will enable LTF to provide innovative financial solutions, seamless customer journeys, a faster go-to market for new products, and faster collaboration with partner ecosystems.

Customer Experience Design

- Revamp of D2C app - and LTF customer portal initiated for a superior customer experience
- Launching of Home Loans, SME, Farm and Rural Group Loans lead journeys on PLANET
- >50K business opportunities generated through PLANET

Application and Process Engineering

- Business process re-engineering through automation and AI
- Migration of Home Loans and SME journeys to Salesforce from legacy platform
- Saving of >2 lakh hours of human efforts through the newly-launched robotic process automation

Robust IT Infrastructure

- Isolated Recovery Environment for business critical applications
- Launch of an in-house developed multi-faceted collection application - BRAKE

Infosec

- Developed a comprehensive cybersecurity risk management framework
- Well-rounded IT review framework to protect LTF's business-critical applications from supply chain attacks

Developing Digital Finance Delivery As A Customer Value Proposition

Digital Delivery: Touching Every Part of the Customer Ecosystem

100%	100%	NACH 96%	25%	94%
Paperless Journey in Rural Group Loans, Two-Wheeler Finance, Farm Equip. Finance, Personal Loans and SME Finance	Digital Disbursements (Rural + Urban)	eNach Penetration (Urban)	Digital Collections (Rural)	Digital Collections (Urban)

Customer-Focussed Digital-First Approach not only in Urban but also in Rural

4 Pillar 4: Heightened Brand Visibility

With an aim to establish the L&T Finance brand, the Company launched several branding campaigns across rural and urban areas through various initiatives viz. print media, outdoor media including billboards, airport advertising, rural wall branding, etc., digital media by sponsoring global sporting events, participation in leading industry forums & fests. LTF also launched its sonic identity during the year to increase its brand recall & capture customer mindshare.

Sudipta Roy (Managing Director and Chief Executive Officer) at Economic Times Global Business Summit

Targeted Marketing Campaigns in Rural and Urban India

RURAL

URBAN

Wall-Branding Activity for Farm Equipment Finance and Rural Group Loans and Micro Finance

Two-Wheeler and PLANET App Related Campaigns

Participated in the Krishi Expo in Haryana to Showcase Our Farmer Finance Offerings

Participated in the Global Fintech Fest 2023

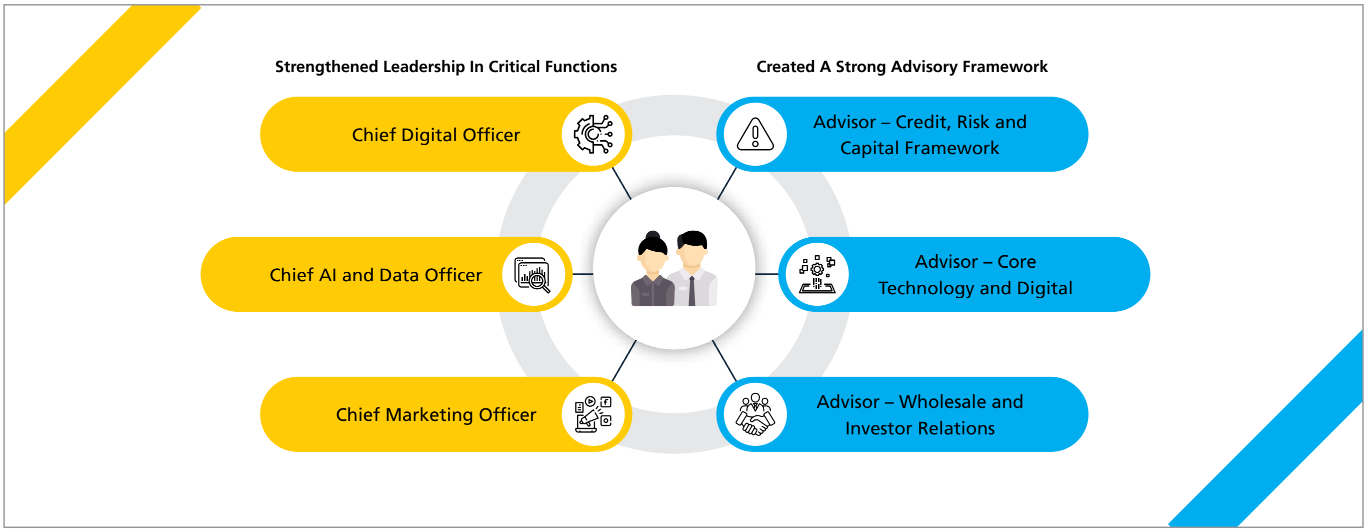
Sonic identity for LTF was launched in March 2024, enhancing brand visibility and engagement, and building customer mindshare for your Company as a brand.

Scan to listen

Endeavour to be in the 'Consideration Set' of Rural and Urban Customers

5 Pillar 5: Capability Building

LTF inducted seasoned industry veterans to sharpen the focus of the organisation on technology and data-driven business delivery with enhanced L&T Finance brand recall value. Your Company has also created a strong advisory framework led by seasoned industry professionals towards building strengths in critical functions.



LTF has strengthened its internal talent pool through recruitment of a second line of leadership comprising National Sales Heads in Rural Group Loans and Micro Finance, Farm Equipment Finance, Two-Wheeler Finance, Personal Loans and Digital Marketing.

FINANCIAL RATIOS

Consolidated

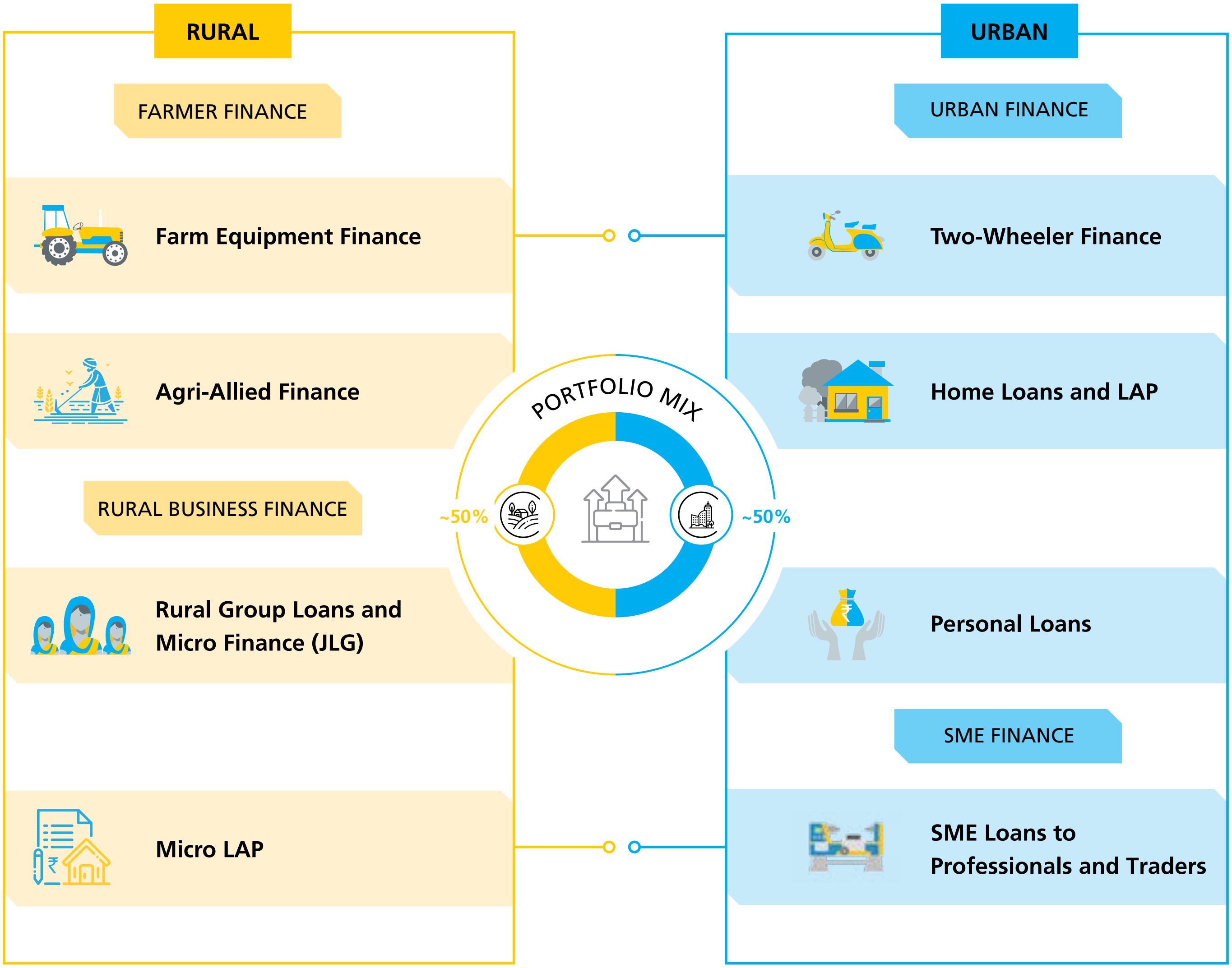
Net profit margin increased from 11.55% in FY23 to 16.49% in FY24 mainly due to higher profits on account of strong book growth across all retail products.

Standalone

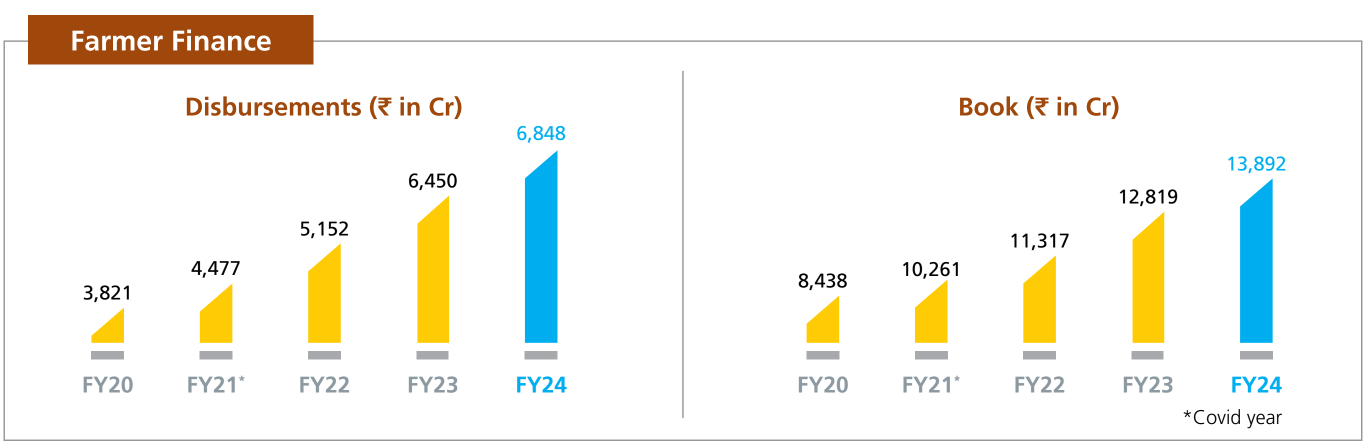
GS3 reduced from 4.74% in FY23 to 3.15% in FY24 and NS3 reduced from 1.51% in FY23 to 0.79% in FY24 on account of substantially improved portfolio quality with disciplined collection efforts in line with the 'Lakshya 2026' goals.

Figures for FY23 restated / recasted taking into effect the Merger.

Our Businesses

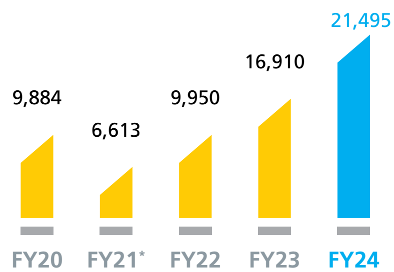


Retail Finance Businesses: Disbursements and Book for the past 5 years

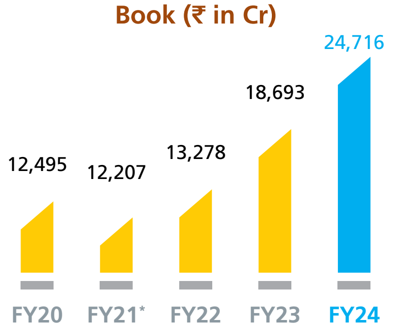


Rural Business Finance

Disbursements (₹ in Cr)



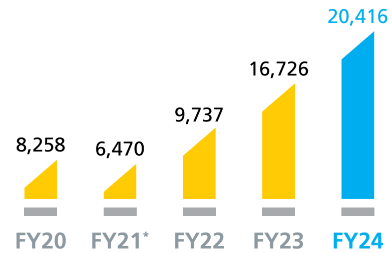
Book (₹ in Cr)



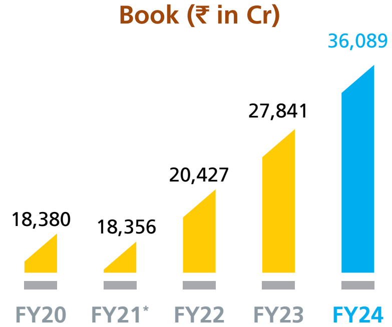
*Covid year

Urban Finance

Disbursements (₹ in Cr)



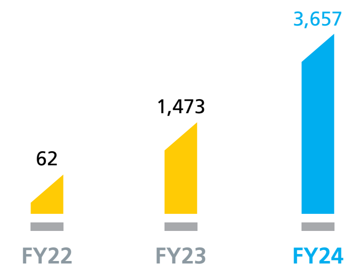
Book (₹ in Cr)



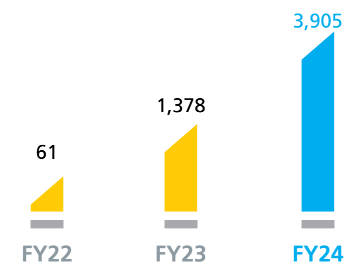
*Covid year

SME Finance

Disbursements (₹ in Cr)



Book (₹ in Cr)



Retail Finance

Farmer Finance

In the Farmer Finance business, your Company endeavours to build products across the farmer lifecycle by addressing requirements across the agri value chain. Simultaneously, your Company is constantly enhancing it's digitally enabled proposition for better customer experience.

Farm Equipment Finance

Tractor sales remained subdued in FY24 on account of skewed rainfall and scant reservoir levels thereby impeding agri activities. This resulted in domestic tractor industry to drop by 7% Y-o-Y, with around 8.75 lakh units sold for the fiscal out of which approximately 70% got financed. A slowdown in demand was observed in all the regions barring a few states like West Bengal, Punjab and Assam where it remained flat. However, adequate arrivals and higher than expected MSP mandi prices for both Kharif and Rabi crops along with supportive Government schemes continued to drive positive rural sentiments.

LTF continues to be a leading Farm Equipment Financier on the back of strong dealer and OEM relations thus leading to stable disbursements. LTF has about 2,500 dealer partnerships and the focus is on high volume dealers through tailor-made schemes, trained manpower, thus improving penetration of untapped large dealerships. In FY24, LTF achieved financing of close to 1 lakh tractors owing to best-in-class digital paperless sourcing journey supported by rule based underwriting and loan

appraisal, leading to a TAT of less than 24 hours. This, accompanied with focus on addressing the financial requirements of existing customers led to a 26% growth Y-o-Y in upsell disbursements translating into an overall disbursal of ₹ 6,848 Cr and 8% upswing leading to a book size of ₹ 13,892 Cr.

The aforesaid has been achieved while operating prudently within the well-established credit guardrails. This has led to consistently clocking collection efficiencies above 90%, on the back of persistent on-field and call-centre collection efforts supported by analytics-led segmentation of the portfolio.

Agri-Allied Finance

On successful completion of pilot phase, your Company has launched Warehouse Receipt Finance from Q3FY24 to cater to the post-harvest requirement in the agri value chain. By leveraging on the first-of-its-kind digital assisted journey, LTF is establishing its 'Right to Win' by providing an overall superior TAT.

Rural Business Finance

Rural Group Loans and Micro Finance

The year gone by was characterised by the sustenance of growth for the Joint Liability Group (JLG) industry on the back of stable rural demand and improved portfolio performance. The industry crossed the milestone of ₹ 4 lakh Cr during the year with a growth of ~30% while adding ~1 Cr new customers to the lending universe. With focus on optimising processes, advancing technology and elevating growth, your Company was able to disburse ₹ 21,495 Cr while building a book of ₹ 24,716 Cr showcasing 32% Y-o-Y growth. Your Company added 15.4 lakh new customers during the year, thereby reaffirming its commitment to uplift women belonging to the rural landscape of the country and providing them access to financial services.

This year, LTF's growth was driven by a consistent focus on customer acquisition and retention, digital interventions followed by process and policy optimisation. Striving to maintain an optimal balance, your Company concentrated on deeper penetration by activating over 34,500 villages to acquire fresh customers while ensuring focus on retaining credit seasoned existing customers. The business growth was well guarded by robust risk framework and continual portfolio monitoring to the pin code levels, ensuring superior portfolio quality vis-à-vis industry with collection efficiency levels of 99.7%+ and 0 DPD book at 97%.

With the increasing smartphone penetration and the Government's push for digitisation, LTF has tried to

capitalise on the same and enhanced its digital collection contribution from 3% in April 2023 to over 21% in March 2024, building efficiencies and reducing risks in the process.

For FY25, LTF is looking at further horizontal expansion for improving points of presence in promising markets like Western UP, Eastern Maharashtra, Telangana etc.

Micro LAP

Post successful pilot, your Company is focussing upon scaling up Micro LAP business in line with diversifying its product suite to cater to the financial needs of rural households.

Urban Finance

Two-Wheeler Finance

The Indian Two-Wheeler sector, boasted an annual sale of ~1.8 Cr units, with an impressive growth rate of 9% compared to previous year. Despite this surge, the industry is still on its journey to reclaim its pre-Covid zenith. The growth underscores a robust appetite for two-wheelers in the market. The leap in finance penetration from 50% to 60% has been a pivotal catalyst for this growth. Other accelerators propelling this growth include a robust demand during the festive season, a surge in demand for feature-rich premium models, and a significant growth of 30% in the electric Two-Wheeler segment. Motorcycles continue to reign supreme in the Two-Wheeler market compared to scooters/ mopeds.

Electric Two-Wheelers are gaining traction among customers due to their favourable Total Cost of Ownership (TCO) when juxtaposed with their petrol counterparts. The low-entry barrier through imports has ushered in a plethora of new brands and players into the market. From the customer's vantage point, the top three determinants when purchasing an electric vehicle are its features, affordability and performance. Environmental concerns and performance are also pivotal factors. The future trajectory of the Two-Wheeler industry is expected to be significantly influenced by the evolution of the electric Two-Wheeler market. In FY24, LTF has built a solid presence in the Two-Wheeler financing market by financing around 9 lakh units, thereby growing its market share.

LTF's underwriting process is bolstered by an in-house, algorithm-driven engine that guarantees swift processing and delivers industry best Turnaround Time (TAT). Your Company is balancing its focus towards Prime customers, thus building a diversified portfolio with a blend of Prime and Near Prime customers, thereby upholding risk-adjusted returns. The strategy is to leverage Two-Wheeler customers as a funnel to acquire urban customers. Additionally, there is a strong emphasis on Original Equipment Manufacturer (OEM) expansion and diversified relationships with internal combustion engine (ICE) and EV OEMs.

LTF has over 10,500 sourcing points and the focus is to drive further expansion of the distribution network both horizontally and vertically. The pan-India geographical spread and significant presence in major cities, urban and semi-urban locations have increased the branch count to 109 branches.

During the year, your Company took various initiatives to simplify the front-end journey by integrating digital elements to enhance the customer experience, keeping in mind the regulations in the digital process. This underscores your Company's commitment to customer-centric innovation.

Furthermore, digital collection analytics continue to support LTF's efforts to increase the efficiency of the overall collection process and maintain a healthy loan book. Last year, your Company unveiled a new loan product – Shubharambh loans. A key feature of this product is no hypothecation for New-To-Credit (NTC) consumers with higher down payments.

All these measures have translated into a robust disbursement of ₹ 8,586 Cr, increasing Y-o-Y by 21%, and a strong loan book growth of 25% Y-o-Y, aggregating to a book size of ₹ 11,205 Cr.

Home Loans And Loan Against Property

The Indian mortgage market, which currently stands at ₹ 44 lakh Cr and which includes Home Loans and Loan Against Property (LAP), demonstrated resilience and growth in FY24, despite elevated interest rates and inflationary pressures. Your Company capitalised on this market stability, achieving a remarkable Y-o-Y growth of close to 59% in disbursements and reaching a milestone of

₹ 7,500 Cr in Home Loans and LAP. The book also saw a substantial growth of 38%, reaching ₹ 18,443 Cr. This impressive performance was achieved by a strategic shift in the customer mix from salaried to self-employed non-professionals (SENP),thus leading to better yields. Your Company also made concerted efforts towards sourcing through direct and employee ecosystems. Apart from this, your Company's dedicated team for the Approved Project Finance (APF) and Developer channel has been instrumental in driving Home Loans through tie-ups with top projects across India, thereby diversifying and positioning the developer channel as a key sourcing channel. On the other hand, the LAP segment emerged as a preferred financing solution for many, owing to increased demand for commercial loans.

On the operational front, your Company took initiatives towards simplifying the digital front-end journey, thereby elevating customer experience.

Personal Loans

The Personal Loan industry in India currently stands at a market size of ₹ 13 lakh Cr. Given the emerging growth in the Personal Loan market, the regulator has implemented an array of proactive measures amongst regulated entities, thereby safeguarding customer interests. The measures enacted include increasing the risk weight on consumer credit exposure from 100% to a more cautious risk weight of 125%, providing strictures on operations of digital lending apps and websites, curbing misselling to unsuspecting customers, data privacy breaches, hidden costs, unethical business

conduct and illegitimate operations. This has laid the foundation towards responsible growth.

Three years ago, the Personal Loan product was launched by your Company with an endeavour to create a cross-sell franchise by leveraging its existing Two-Wheeler customer base. Over the years, this repeat cross-sell segment has grown to dominate and contribute ~51% of disbursements. During the year, your Company focussed on growing the business in a calibrated manner to eliminate choke points. It introduced multiple digitally guided initiatives through the launch of video KYC for all customers, ensuring enhanced customer due diligence and identity checks. Your Company also endeavoured to enhance the customer experience manifold in its D2C app, PLANET, which offers key digital geo-agnostic seamless DIY journeys, processing loans as swiftly as within 7 minutes of application.

Overall, taking into consideration macro economic factors, personal loan industry growth, regulatory changes and risk profile, your Company followed a conservative disbursement policy resulting in a Y-o-Y degrowth of 12% leading to a modest book growth of 18% at ₹ 6,440 Cr. The Personal Loan book's credit health score card remains robust at 98.8% collection efficiency levels. As the regulatory landscape continues to evolve with increasing focus on customer interests and safety on an overall basis, your Company is well-positioned to navigate the changes and continue its growth trajectory in the coming years.

SME Finance

Building on the strong growth in FY23, the sector continued its upward journey in FY24 both in terms of activity enhancement and an uptick in credit quality. The credit catalysis led by technology and data-oriented decision making has been one of the building blocks of a broad-based market expansion, a large part of which was seen in semi-urban and rural areas. The MSME credit demand increased by 10% on a Y-o-Y basis in March 2024 and

18% Q-o-Q while building further upon the 27% Y-o-Y growth achieved in February 2024.

Among the factors that contributed to the growth were geographic expansion from 17 locations to 109 locations and product enhancements. The next wave of growth is expected to come from deeper geographic expansion, channel expansion and new product launches.

As of March 31, 2024, the book stood at ₹ 3,905 Cr. During the year, LTF disbursed ₹ 3,657 Cr with a customer base of 20,000+ on book. Your Company continues to make efforts towards making its digital journey seamless and improve the turnaround time for its customers. Customer service is a major focus area to enable best-in-class services.

Wholesale Finance

LTF's Wholesale Finance portfolio comprises of Real Estate Finance and Infrastructure Finance. In line with your Company's strategy of Retailisation, it was able to accomplish the accelerated reduction of its Wholesale Finance portfolio. Given a shift to accelerated sell-down of the Wholesale book in order to pivot towards Retailisation and with the on-book Wholesale portfolio reducing to negligible levels of 6% at the end of March 2024, it has been prudently decided to discontinue providing guidance on the macro outlook. As of FY24, the book stands at ₹ 5,528 Cr, marking a steep 87% reduction over the past 2 years. Of the book of ₹ 5,528 Cr, the Real Estate book is ₹ 2,337 Cr, while the Infrastructure Finance book is ₹ 3,191 Cr. Over the medium term, LTF expects this book to reduce even further.

Human Resources

Over the last few years, LTF has enhanced its operational processes, improved its policies and accelerated its performance. These developments have translated into increased profits, enabling your Company to achieve all its goals.

The underlying factor contributing to the significant progress achieved is the 'People' i.e. Employees of your Company who represent the

L&T Finance brand to diverse customer groups across rural and urban areas. They enable your Company to fulfil its financial aspirations and act as a trusted partner in every customer's financial journey.

As of March 2024, LTF employed 30,534 employees across the following categories: Field Force, Middle Management, Senior Management and Top Management. These employees are spread across regional branches and HO. The Field Force employees forms approximately 75% of the workforce and is instrumental in delivering financial services to geographically dispersed customer segments in deep rural and urban areas.

LTF has a rural presence in ~2 lakh villages with a customer segment comprising women entrepreneurs and farmers. They contribute to around 50% of your Company's retail business, catered to by ~20,000 employees. Most of these employees are recruited from deep rural areas, creating employment and advancement opportunities for the rural population. They emphasise your Company's commitment to creating a self-sustaining rural ecosystem and connect with the local community. As a result, the rural Indian population is empowered to forge ahead.

To serve the rural and urban active customer franchise of around 94 lakh+ customers, your Company adopts a focussed approach, engaging, developing and demonstrating care for its employees. This helps facilitate capability building, which is one of its strategic pillars of achieving sustained growth. To provide employees with an environment to maximise their contributions and generate value for the business through capability building, your Company drives a number of initiatives.

L&T Finance

Communicating Purpose

Boot Camp

Your Company organises a Boot Camp once in a financial year. This Camp is aimed at preparing a roadmap for the next financial year, allocating resources, mitigating risks and devising a framework for objective decision-making throughout the year. All Senior Leaders and business heads play a pivotal role in the Boot Camp as they brainstorm together and provide inputs to grow the business. The strategic direction of the organisation emanates from this approach, and the same is further communicated to all the other employees.

This year, the Boot Camp was followed by a Long-Range Planning Exercise where every vertical shared a comprehensive plan to support the strategic priorities of your Company. The introduction of this exercise helped ensure alignment, encourage collaboration and facilitate sustained growth.

Town Halls

To achieve and sustain the quantifiable goals of Lakshya 2026, LTF's diversely spread employees had to be aligned not just to the 'what' of Lakshya 2026, but even to the 'why' and 'how' to equip them to drive the objective collectively. To

that end, your Company organised Town Hall sessions, which included:

- The Leadership Townhall where the Managing Director and Chief Executive Officer addressed the Senior Leaders and appraised them of stagewise achievement of Lakshya 2026 goals and the way forward 5-Pillars strategy and plan for execution. It emphasised on quarterly targets as well as the ideal behaviour of employees that is essential to achieving your Company's goals
- The Regional Townhall where Lakshya Champions were identified from among Senior Leaders. These Champions addressed regional level employees and cascaded the vision and strategy to them to facilitate rigorous execution towards fulfilling the goals
- The managers then further conveyed this strategy to their respective teams, empowering every member of your Company to perform in alignment with the overall corporate vision

LTF Employee Connect

Essential information, important communication and Company-wide updates are broadcasted to all employees through a digital channel. The messages are targeted to a specific group of employees or the entire organisation, depending on the nature of the content and its relevance, thus supporting LTF's quest to become a boundaryless organisation.

Corporate Radio

Your Company also has an audio-visual platform to engage its employees through podcasts and videos. All the employees have direct access to this platform which acts as a repository of the thoughts and experiences of leaders, facilitating stronger connect.

Investing In People

Role Appreciation Programme

Role Appreciation Programme is a 4-day employee on-boarding programme with the objective to provide role clarity through classroom and on-the-job trainings before employees are on-boarded. This initiative equips them with the first-hand experience of the role and the expectations, thus leading to faster assimilation, reduced infant attrition, along with greater productivity and engagement.

Gurukul

Your Company has a digital one-stop solution named Gurukul to cater to all learning requirements of the employees. The modules are self-paced and are available in regional languages to equip employees in all roles to maximise their learning from the platform. Gurukul empowers employees to know about your Company, its businesses, policies, code of conduct, information security, governance, compliance etc. through various modules. It also contains behavioural and skill-based modules to professionally develop your Company's employees. The modules conclude with an assessment to gauge the extent of learning and recall of the employees.

Development Programmes

LTF conducted a training needs analysis and introduced customised programmes for specific roles. This includes programmes designed for the sales force, employees in managerial positions, and first-time managers.

To enhance the quality of customer experiences, a customer service training session was conducted.

Training was provided to hiring managers on interviewing skills and to people managers to equip them with the skills to conduct effective performance discussions.

Your Company also conducted sensitivity training to build awareness on diversity and inclusion.

The average learning hours per employee was 40.5 hours with 98% of the employees undergoing at least one development intervention, self-paced, virtual or classroom which reflects your Company's commitment to capability building.

Udaan

Your Company partners with institutes across the country to hire Graduate Engineering Trainees (GET), Management Trainees (MT) and Chartered Accountants. These young professionals embark on a journey of learning and growth with your Company through a structured campus connect, pre-engagement and orientation programme that prepares them to transition from a Campus to a Corporate role. In FY24, LTF recruited over 100 GETs and MTs who would play an instrumental role in your Company's growth journey.

Career Development and Growth

Aspire

Aspire is a career development programme designed by LTF for its front-line employees. It focusses on capacity building with the goal of preparing and enhancing the skills of the field employees, preparing them to accept additional responsibility as they advance in their career, thus creating a talent pool, for the organisation.

Over 2,000 employees were given additional responsibilities and role elevations through the Aspire programme in FY24.

Leadership Development Programme

The leadership development journey was conceptualised and designed as a highly personalised learning journey for the senior leadership in your Company. This process comprised three phases which covered both an inward and an outward journey.

Phase I of the Leadership Development Programme focussed on an inward journey that was characterised by obtaining and analysing insights from the Hogan Assessments, a powerful globally recognised instrument, that empowers participants to leverage their strengths and manage their probable derailers through greater self-awareness.

These insights were then shared with the participants through a debrief session which formed the basis of their Individual Development Plan (IDP), translating into a learning journey that consisted of education, experience and exposure. Further, managers were also made responsible to ensure that the IDPs were adopted.

Phase II involved an analysis of these tools, which further culminated into the curation of the outward journey after extensive focus group discussions with the Senior Management to align individual, departmental and Company learning needs. The outward journey extended to Phase III as well, with interactive workshops and action learning plans that focussed on five key attributes – leading business, leading results, leading relationships, leading teams and leading the self.

Additionally, the programme included the launch of Vantage Point. This was a forum through which two-byte sized learning articles were shared with participants every month to reinforce specific behavioural patterns and facilitate their development.

Rewarding Excellence

Star Awards

Star Awards is held annually to recognise team and individual excellence that is embedded in LTF's values through five categories of awards – Bright Spark for new joinees, Exemplars of Values for Ambition, Exemplar of Values for Pride, Teamwork and Transformation Champions.

While Star Awards 2023 had recognised 206 employees, in 2024, the prestigious title was bestowed on 320 employees. The Award was handed over in the presence of dignitaries and Board members at a ceremony held at the L&T corporate office. Notably, the employees were evaluated through a meticulous, multi-stage and objective process, based on 17 team nominations and 4,061 individual nominations received across organisational hierarchies.

Rising Star Awards

Rising Star Awards is an annual event that celebrates and applauds the extraordinary performance of frontline employees who are the backbone of the organisation. It is an illustrious title that is earned by the top 6% of the employees who are recognised and felicitated by the Senior Leaders of the organisation for their contribution in driving organisational objectives.

In 2023, felicitations were held across six different locations to recognise 625 frontline employees through the Rising Star Awards.

Wall of Fame

The Wall of Fame is a monthly initiative to recognise and reward high-performing employees across business verticals, based on pre-defined criteria. The monthly Wall of Fame is published on the Workline portal for the entire Company to acknowledge and appreciate the top performers, inspiring other employees to emulate the same. In FY24, 2,990 employees were recognised through the Wall of Fame.

Engaging Employees

One Team One Lakshya

LTF encouraged teams across India to leave their handprint on a canvas as a symbolic representation of your Company's collective strength and resolve to achieve disproportionate growth by unleashing the power of One Team One Lakshya.

National Pride

To celebrate the successful landing of Chandrayaan-3 which was powered by the L&T Group, L&T Finance employees used their creativity to make miniature models of Chandrayaan-3, along with live coverage being displayed across your Company's digital boards to create awareness and drive national pride.

Swachhata Hi Seva

Your Company contributed to the environment along with the national objective of Swachh Bharat Abhiyan by organising a cleanliness drive.

Daan Utsav

The Joy of Giving Week was celebrated with a Hafta Challenge that encouraged employees to perform one Act of Kindness every day for a week, towards self, colleagues, community and the environment at large. Your Company also conducted a clothes donation and an e-waste drive, promoting awareness of the hazards of e-waste.

QuizWiz

The third season of L&T QuizWiz saw 5,400 participants comprising 2,700 teams, across 20 L&T group companies, battle it out in a 'phygital' format, culminating in a grand finale that captivated audiences both online and at the venue. Beyond just questions and answers, QuizWiz was a journey of exploration which covered a diverse array of topics, ranging from business and technology to POSH and sustainability, challenging participants to expand their knowledge base. Your Company participated in QuizWiz for the first time and emerged as the second runner-up

ArtBeats

To engage and celebrate the artistic talents within L&T Group, employees registered and submitted a painting/ sketch/caricature/cartoon/doodle based on a predefined theme. The artwork submitted by 2 employees from your company was selected and displayed in an art gallery setup at L&T Group which included the creative work of over 50 employees from across all L&T entities.

Stepathon 2.0

A 60-day walking challenge was launched with a two-fold objective of engaging employees while encouraging them to focus on their health and well-being. Over 2,000 employees from 166 locations across the country participated by forming 209 teams comprising of around 7-10 members.

A total of 146 winners were announced across two categories – Individual and Team with the highest steps at a regional and organisation level. Individual winners were announced on a weekly basis and while Team winners were announced in the finale.

Your Company walked 58.8 Cr steps which translates to 4.1 lakh kilometres that collectively burnt approximately 2.2 Cr calories.

Festivals and Celebration

LTF also celebrated regional/ national festivals and occasions to infuse energy and strengthen the camaraderie among employees. The activities organised during these momentous occasions instilled a sense of joy and belonging, enhancing employee happiness.

Caring for Employees

Meal Facility

Your Company has launched meal facilities for the field force in locations where vicinity hiring was not viable, providing employees with access to healthy food and an improved quality of work life. Meal facilities were made available at the branch offices, which enhanced the connect and camaraderie among the field force. Ultimately, the improved bonding led to higher productivity and engagement, and reduced attrition.

Sessions on Yoga and Nutrition

LTF organised desk yoga, online yoga sessions and nutrition sessions for the employees by partnering with skilful professionals

Health and Well-Being

Your Company provides a number of facilities to its employees apart from annual health check-ups to safeguard their health and well-being.

Risk Management

Risk management denotes assessing all existing and potential risks and mitigating and/or pre-empting them to the best possible extent. It is a qualitative and quantitative approach involving risk identification, risk assessment/quantification, instituting/reviewing controls and risk mitigation.

There are various risks which LTF proactively endeavours to prevent and mitigate, such as credit risk, operational risk, model risk, infosec risk, market and liquidity risk, regulatory risk, climate risk, and ESG risk, among others.

The active management of these risks is vital to achieving your Company's goals while remaining business-cycle proof.

LTF has an apex-level committee, namely the Risk Management Committee, which is constituted by the Board. The Committee meets at a quarterly frequency. The said committee is responsible for supervising the functioning of the risk management framework approved by the Board.

The framework covers your Company's risk appetite statement, risk limits, risk dashboards and early warning signals.

The business teams and the risk management function work seamlessly to ensure that your Company's business plans are consistent with the laid-down policies and procedures.

This helps ensure guidance during challenges, continuous oversight and balanced risk/reward decisions. Further, for large-scale events, your Company conducts stress tests to assess the durability of the balance sheet.

LTF's emphasis on developing a proactive risk management culture has enabled it to stay ahead of the curve as an Upper Layer NBFC with the highest credit rating of AAA. Further, your Company has taken note of the changing business landscape and the emergence of new risks such as reputational, and climate-related risks. Your Company has proactively undertaken the activity of building newer risk frameworks to pre-empt and manage them.

Your Company has also implemented the Internal Capital Adequacy Assessment Process (ICAAP) which covers all the risks, risk mitigants and capital requirement for present and future time periods. The said framework institutes mechanisms to measure/assess and manage various risks like credit, market, liquidity, interest rate, operational, strategic, regulatory, climate, and model risk.

Credit Risk

The business environment that LTF operates in exposes it to various kinds of risks. Credit risk constitutes the most significant concern for your Company's business. It therefore, needs to have a well thought and calibrated mechanism in place to manage the credit risk. LTF is bolstering its existing data and analytics-based underwriting architecture with a new-age underwriting engine comprising bureau, account aggregator and alternate data signals. This new-age underwriting engine which is currently under development will ensure the creation of a robust and resilient portfolio.

The other ancillary advantages that will accrue includes swift credit decisioning as well as ensuring faster onboarding of prime credit worthy customers, thereby sifting between sensitive and resilient borrowers and the swap-in swap-out rates.

Your Company further uses advanced dashboards which provide real-time identification of trends and breaches, empowering it to proactively manage risks and take immediate action to mitigate any potential threats. Your Company has an advanced Early Warning Signals (EWS) model that enables it to proactively identify stress signals and take corrective measures to mitigate risks. By analysing behavioural patterns, alternative data sources, geopolitical data, and macroeconomic factors, LTF can make informed decisions and prevent customers from defaulting in the future. Your Company ensures the availability of a differentiated customer journey and offerings as per the customer segmentation, keeping the risk appetite at the centre. This organised approach has led to the improvement of its asset quality amid volatile times in the current lending environment.

Operational Risk

Operational risk is the risk arising from system failure, human error, fraud or external events which may cause financial loss or disrupt business activities. Operational risks are governed through the Operational Risk Management Policy. Your Company's effective and pre-emptive operational risk framework is implemented by the Operational Risk (OR) Team which examines operational risks and incidents in a way that ensures robust continuance of processes and systems.

Through this framework, the OR team performs risk and control testing as part of its day-to-day operations. Further, all the open risk items emanating through this exercise are shared with internal units and tracked till implementation of the mitigation plan.

Your Company's OR team maintains a database for all the incidents for an effective root cause analysis. Also, this ensures corrective and preventive actions are implemented for all the incidents reported, to prevent their reoccurrence and eliminate further damage.

Furthermore, to mitigate operational risks, there is a regular review of the standard operating processes and journeys, which are also updated as per pre-planned calendarisation.

To strengthen and embed the risk culture within your Company, ongoing training through internal and external programmes is offered to equip staff at all levels to meet the

demands of their respective positions. In fact, there is a mandatory annual Operational Risk Training module that is required to be completed by all the employees. Additionally, the Operational Risk Team creates awareness on operational risk management for all employees.

Further, your Company has undertaken a project to automate the Risk and Control Self-Assessment (RCSA Testing) and KRI testing for moving towards a real-time monitoring and early resolution approach. In order to strengthen the Operational Risk framework, Project Overhaul was started in the second half of FY23 to review all SOPs, process flows and Risk Control Metrics. This Project was successfully completed in Q1 of FY24. To further strengthen the framework, the Operational Risk team has undertaken Project Overhaul 2.0, whereby projects were undertaken to further strengthen the critical processes e.g. fuzzy logic, improvement in collection efficiency, and outsourcing related activities, among others.

Climate Risk

LTF acknowledges that climate change is posing significant risk, potentially leading to operational disruptions, increased costs, and changes in asset values. To mitigate these risks, your Company integrates climate risk considerations into decision-making processes, conducts periodic portfolio reviews, and invests in measures to mitigate environmental impacts. Detailed analysis, incorporating various parameters like rainfall deviation, reservoir storage, and agricultural practices, are conducted to mitigate these risks effectively.

Moreover, the Company's Economic Affairs Group provides valuable inputs on environmental and social factors impacting assets under management during the monthly Asset Liability Management Committee (ALCO) meetings. Periodic portfolio reviews are conducted specifically to evaluate risks associated with climate and weather events such as floods, cyclones and droughts. ESG risks, including climate-related concerns, are closely monitored and integrated into LTF's risk management practices.

Recognising emerging risks such as reputational, sustainability, and climate-related risks, your Company has developed a framework to address these challenges. In compliance with RBI regulations, it has established an ICAAP including ESG risks.

Model Risk

Model risk is a major part of new-age risk, to which your Company is exposed to due to reliance on sophisticated algorithms/equations. These algorithms or equations may be designed through traditional modelling techniques such as statistical regression techniques and the decision tree. Alternatively, they can be designed through modern modelling techniques such as Machine Learning (ML) for decision-making, and LTF is focussing to enhance its underwriting engine through this technique. The decision-making includes evaluation at various stages of the customer journey (onboarding, cross-selling, collection, etc.), based on various financial parameters (asset valuation, income estimation, etc.). It also includes the assessment of portfolio parameters with the aim of regulatory reporting (PD, and LGD, among others).

To govern the model risk, a Board approved Model Risk Management Policy has been put in place in FY24. This policy aims to review various model aspects at different stages of the model (development, active use, change and retirement), and to set a high standard for the model by putting in place a robust risk-dependent review and monitoring framework. In case any instance of potential weakness is realised or observed, a set of appropriate compensating controls are put in place to mitigate exposed risk around it. Furthermore, your Company defines an appropriate

model development guide, based on observations made during the model reviews over the course of a quarter. This approach ensures that a minimum standard is set up, thereby enriching the entire model development process leading to a more robust and reliable model.

Market/Liquidity Risk

Adoption of a prudent approach helps in protecting your Company from market and liquidity risks. LTF maintains a positive liquidity gap on a cumulative basis in all the time-buckets up to 1 year. A Contingency Funding Plan (CFP) has also been implemented by your Company, by way of regular monitoring, to respond to severe disruptions which might affect the ability to fund some or all activities in a timely manner and at a reasonable cost. A governance structure is defined within the CFP to invoke crisis management measures in case the need arises. These cautious and judicious liquidity risk management measures and practices have stood the test of past crises such as the Covid-19 pandemic, thereby testifying to the robustness of LTF's asset liability management. Your Company ensures a positive interest rate sensitivity gap over a one-year horizon. This acts as a mitigant against interest rate risk in the Balance Sheet. Liquidity and interest rate stress testing is also conducted regularly. The Asset Liability Committee (ALCO) of your Company maintains an oversight of all aforesaid matters by way of monthly meetings, and the minutes of the ALCO meetings are presented to the Risk Management Committee (RMC) on a quarterly basis. The above processes and governance structure enables your Company to modulate its response to evolving market conditions in a timely and effective manner. These conditions might be associated with liquidity and interest rate changes, and other similar trends.

Infosec Risk

Enhanced system digitisation and increased use of customer facing applications has led to the risk of increased cyber attacks. To address this risk, LTF has set up an Information Security Management System (ISMS) for effective management and operation, which is ISO 27001 compliant and certified.

To prevent emerging threats, your Company has implemented controls to ensure business continuity and data protection. LTF's digital platform has a 3-tier Security Architecture with in-built disaster recovery, along with multiple-layer security. This security system protects its IT Network, Websites and Application, Databases and end-user laptops/desktop for data leakage, denial-of-service attacks, ransom ware and malwares. Furthermore, the system implements effective access control and monitors system health and availability 24X7.

To protect critical assets, LTF follows the below-mentioned cybersecurity framework.

Identify
Process and assets that need protection

Protect
Safeguards available

Detect
Techniques to identify the incidents

Respond
Implement techniques to contain impacts of an incident

Recover
Apply sophisticated techniques to restore capabilities

Your Company's security team conducts a vulnerability assessment on all critical applications, system and network devices and mobile apps. It aims to locate any security bugs, misconfiguration, missing critical security patches proactively, which can them be exploited. Your Company also engages with third parties to undertake the vulnerability assessment and penetration testing, with the aim to ensure utmost security from cyber-attacks.

LTF further monitors the health, security events and incidence of all critical systems to proactively find any availability issue, security risk, the probability of an attack or exploitation through an early sign indicator.

Moreover, your Company has cyber insurance in place against business losses, lawsuits, extortion, damage to IT infrastructure, and regulatory penalty resulting out of cyber-attacks, disrupting your Company's services.

Data security and privacy controls are also in place to prevent data leakage, by disabling USB by default on endpoints, and encryption of data at motion and data at rest. Additionally, there is effective monitoring of outgoing data. Data backup is made available, along with secure disposal of data when no longer used and its accessibility for the right people on a need-to-know basis.

Security Awareness, Phishing drills and Training is provided to employees to understand the need for information security and effective IT risk management programmes. It provides a full visibility and helps them to detect suspicious activities and minimise the chance for security incidents.

Compliance Risk

During FY24, LTF implemented a robust compliance risk management and testing framework. Assessing the effectiveness of compliance is a key aspect of this framework, with your Company deploying techniques to evaluate the level of compliance and identifying instances of non-compliance. This framework is sensitive to your Company's key compliance risks and regulatory activities. The framework interalia identifies risks arising from regulatory environment and assesses the effectiveness of controls in place to mitigate the compliance risks. The guiding principles are enshrined in the Compliance Policy of LTF. Your Company has also formulated a Compliance Testing Programme, which enables it to identify compliance failures/gaps, and flag any impending problems before they become significant and potentially damaging. Your Company prepares an annual compliance test plan which identifies key test areas considering variables like major new circulars, deficiencies identified in the regulatory inspection reports, fair practices code and know your customer/anti-money laundering compliance, etc. Compliance testing is carried out on a quarterly basis through selecting and reviewing samples, walk-throughs with relevant stakeholders, etc. Identified issues are discussed with the Management and reported to the Audit Committee with the target timelines for addressing/closing the issue. This initiative enables your Company to get better control over activities and helps in building compliance culture within the organisation.

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

ESG

As a conscientious and responsible company, LTF has been a pioneer in embedding environment, social and governance (ESG) in its business strategy, business operations and business impact to create long-term stakeholder value. ESG is not a peripheral agenda but one of the pillars on which your Company's Lakshya 2026 strategy is based. While LTF continues to build upon and strengthen the initiatives of the past years, your Company has invested in a host of new ESG initiatives, accomplishing a number of noteworthy milestones in FY24.

LTF has reduced its GHG (Scope 1+2) emission by ~18% from the previous fiscal year and is on track to achieve its commitment to become carbon neutral by FY35, while also maintaining water positive/surplus status.

ESG-enabled Policy Ecosystem

The ESG Policy adopted by your Company has been a guiding framework to make an ESG conscious organisation and mitigate material impacts and risks. Your Company also has environment, health and safety, diversity, inclusion and equity and human rights policies, which are reviewed and recommended by the Corporate Social Responsibility (CSR) and ESG Committee and approved by the Board. Policies like Data Privacy, Fair Practise Code, Internal Corporate Governance, KYC, Information Technology and other existing policies have been approved by the Board.

With an intent to encourage ESG consciousness among its value chain partners, in the past years, your Company has implemented the Third-Party Code of Conduct and strengthened the contractual obligations. Pre-emptively, in FY24, the value chain framework was finalised and a dedicated value chain ESG assessment and engagement initiative was initiated with >75% of upstream and downstream value chain partners.

Integrating ESG in Operations

During FY24, your Company continued to integrate ESG in its operations by reducing dependency on paper by going digital, shifting to renewable energy to reduce carbon footprint, integrating ESG due diligence in selection process of new branches, enhancing waste segregation practices and tying up with external authorised waste segregation and recycler. 100% employees were trained on ESG mandatory module which was available in 8 different regional languages. Your company made a significant movement by aligning its tree plantation programme to

ISO 14064-2:2019, one of the best international practices for carbon enhancement/sequestration by getting one of the project sites certified. Your company took a proactive approach and estimated its carbon emissions from select portfolios (Two-Wheeler Finance product and Farm Equipment Finance product), as a first step. This made your Company one of the first in the Indian NBFC and Banking sectors to calculate retail portfolio carbon emissions for reporting.

Environmental Stewardship

LTF has remained steadfast in its commitment towards achieving Carbon Neutrality by 2035. It has adopted a decarbonisation approach of utilising green power for its business operations and increased its dependence on renewable power year on year. Your Company uses ~39% green power, more than 1/3rd of its overall operations. LTF also reduced its operational carbon footprint (Scope 1 and Scope 2) by ~18% from the previous year and has been creating carbon sinks by sapling plantations and increasing green cover.

Your Company uses the 3 R approach of Reduce, Recycle, Replenish to meet its commitment of water positivity. LTF ensures use of technology extensively and awareness-raising initiatives along with the available Sewage Treatment Plant (STP) at its owned premise to save and recycle water. Water User Groups from the communities were trained to maximise water replenishment through water shed management leading to ~183 lakh KL of water. Your Company has remained water surplus/positive in FY24 as well.

Commitment towards Social Well-being

Through a number of initiatives, LTF continues to showcase a strong commitment to the welfare of its stakeholders. As part of its customer-focussed approach, products, services, and important business operations have been designed to satisfy customer demands and expectations. Your Company, through the Net Promoter Score (NPS) evaluated its customer satisfaction. By focussing on continued transparency and engagement, LTF has grown its customer base, cultivated more customer loyalty, and developed a strong brand recall. Your Company's rural business has not only powered the agenda of financial inclusion and empowerment but also supported the country's growth path in lagging states and aspirational districts.

Your Company has always placed an emphasis on the well-being of its employees. The new Diversity, Equity and Inclusion (DE&I) programme

was launched for the middle management with the aim of creating awareness and sensitization on DE&I. During the year, women representation in the Group Executive Committee was retained at 27%. Your Company encouraged hiring of women and PWDs (Persons with Disabilities), thereby, increasing women sourcing for interviews resulting in increased women workforce representation to 4.6% from 4%.

During FY24,your Company, through its CSR activities, continued to transform rural communities towards inclusive social transformation, impacting over ~12.50 lakh people.

Building Resilient Governance

In FY24, your Company completed the merger of few of its entities to create a 'Single Lending Entity' structure to enhance governance and control, improved liability management, ability to provide improved returns to the shareholders, seamless compliance, and adherence to RBI Scale-based Regulations, along with improved operational efficiency.

LTF has continued the established procedure for updating the Board on ESG matters during the quarterly meetings and has developed a practice of having targeted conversations about ESG performance in Board meetings. To gauge the efficacy of the Board and the CSR and ESG Committee about ESG related aspects, your Company has incorporated ESG factors into the Board's yearly performance evaluation, evaluating their involvement in ESG endeavours. Additionally, all Board members were trained on ESG and Infosec.

The performance of Senior Leaders is also assessed in relation to ESG-related KPIs. To improve the quality of reporting, your Company has further automated ESG data and performed an in-depth review of the ESG process. These actions reflect the commitment of your Company to tracking and enhancing its ESG performance.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) activities of your Company entail a broad array of initiatives geared towards promoting digital and financial inclusion, environmental sustainability, enhancing healthcare access, ensuring road safety, and addressing various social issues. All these initiatives are aimed at tackling critical societal challenges and fostering positive impact within communities.

CSR Thrust Areas

1 Digital and Financial Inclusion

LTF's flagship project, Digital Sakhi, empowers women to catalyse positive change in their communities through digital and financial literacy and help create sustainable livelihood for women. This thrust area also supports the national agenda of Digital India

2 Disaster Management

Your Company provides effective disaster response services and invests in mitigating the long-term impact of climate change.

3 Other Initiatives

- Environmental Sustainability: Promoting ecological balance
- Road Safety:
  - Creating the awareness amongst Two-Wheeler riders on Road Safety
  - Partnering with Mumbai Traffic Police to enhance road traffic management and awareness among students from BMC schools
- Healthcare: Providing basic healthcare services to underprivileged communities through local partnerships

Key Achievements for FY24

1 Digital and Financial Inclusion

Existing Ongoing Projects

- Digital Sakhi Projects in Karnataka and Kerala initiated in the last financial year have achieved tremendous success against the targets
- Over 5 lakh individuals made aware of financial inclusion through 8 digital modules, specially designed and translated into vernacular languages, by 410 Digital Sakhis.
- Support provided to over 5,100 women entrepreneurs to realise the potential of their businesses
- 8 Community Advisory Panels (CAP) formed to engage stakeholders and collect feedback
- 650+ wall paintings covering an area of 12,000+ sq.ft. created in project villages to raise awareness on DFI and enhance brand visibility
- Benefits/enrolment facilitated for over 9,500 community members, amounting to nearly ₹ 53 Cr.

Expansion of Digital Sakhi Projects

- Expansion into Bihar, Uttar Pradesh, Tamil Nadu, and West Bengal.
- Training of 400 new Digital Sakhis, reaching over 4 lakh individuals for digital and financial inclusion awareness.
- Entrepreneurship Development Programmes for training 2,400 women entrepreneurs were conducted
- Facilitation of benefits/ enrolment for over 13,400 community members were linked with social entitlement schemes worth ₹ 16.26 Cr
- 1,550+ wall paintings covering an area of 28,000+ sq.ft. were painted in the villages for creating awareness on DFI

11.50 lakh+
Community Members Sensitised on Digital and Financial Literacy

2 lakh+
Beneficiaries of Digital Seva Kendras

₹ 60 Cr+
Social Convergence Value

7,500

Women Entrepreneurs equipped with Entrepreneurship Development Skills and provided hand-holding support for setting up Micro Enterprises

2 Disaster Management

Disaster Relief

- 69,400 beneficiaries affected by floods were provided immediate relief support in the states of Punjab, Haryana, Odisha and Tamil Nadu.
- First-aid medical facilities were provided to 2,000 train accident victims in Balasore, Odisha

Building Resilience

- Investing in sustainable water resource management projects
- Conducting capacity building sessions for Water User Groups (WUGs)
- Setting up 200 Farmer Field Schools to build climate resilient communities

71,400

Beneficiaries Outreached through Disaster Relief Activities

3 Other Initiatives

Project Prakruti

- Planted over 50,000 saplings in Pavagada, Tumkur, Karnataka to restore imperilled ecosystems
- Supporting the maintenance and survival of previously planted saplings
- Engaged third-party for census survey assessment

50,000+

Saplings planted in Karnataka to Restore imperilled Ecosystems

Road Safety

- Partnered with Mumbai Traffic Police
  - To strengthen road traffic management
  - Supported 20 traffic wardens to regulate traffic and ensure safer roads in Mumbai
- Awareness Campaigns
  - Conducted campaigns for over 17,400 school children in Mumbai
- Expanding Reach
  - Launched a campaign in Delhi for riders of Two-Wheelers
  - Used innovative methods like street plays and 'Drunk busters' demonstrations

21,000+

Youth Sensitised on Two-Wheeler Road Safety

Other Activities

- Organised health camps in tribal parts of Rajasthan, benefiting over 500 patients.

L&T Finance

Value Creation

INPUTS

FINANCIAL CAPITAL
- Longer Tenure of Borrowing
- 31% Y-o-Y Retail Book Growth
- ₹ 76,540 Borrowings
- ₹ 9,444 Cr Sustainability focussed/ Priority Sector Loans
- 3.27 Debt to Equity ratio
- ₹ 2,488.94 Cr Equity Share Capital

HUMAN CAPITAL
- 30,534 Total employee base
- 27% women in Group Executive Committee
- ₹ 4,383 avg. amount spent on L&D programs and workshops
- 5 Town Halls as part of Lakshya strategy
- ~1,816 branches and 83 region covered under role appreciation programs for frontline workers
- Meal facilities for employees living beyond 50km radius of meeting centers
- Employee expense staff cost
- Site level HIRA conducted in 14 locations

MANUFACTURED CAPITAL
- 1,965 total branches
- 92% rural branches
- 13,000+ Distribution touch points

INTELLECTUAL CAPITAL
- Analytics-based Channel Management
- Assisted apps and Centralised Underwriting
- Launch of new products and services
- Integration of ESG in Risk Assessment
- Portfolio management framework, focusing on enhancing underwriting capabilities (investments in geo-agnostic underwriting capabilities, digital enhancements)
- Introduction of MERCER App for Collection Agents

SOCIAL CAPITAL
- ₹ 23.83 Cr CSR Expenditure
- Digital Sakhi in 7 states
- 40+ Aspirational districts covered in
- Robust Grievance Management Process established
- Appointed internal Ombudsman
- 4 SIA conducted for CSR Projects by Independent organization
- Employee Volunteering
- Conducted Value Chain Assessment on ESG principles for top 75% of its Value Chain
- Adopted an international guidance to embed CSR into Company's operation

NATURAL CAPITAL
- 2,590+ MWh renewable energy consumed (39% of total energy consumed)
- Waste Management processes established
- 50,000+ saplings planted
- Financing Clean Mobility
- Adopted International Standards

VALUE CREATION MODEL

Vision and Values
- Ambition
- Pride
- Discipline
- Integrity

Long term objectives
- Carbon Neutrality by FY35

Lakshya Strategy (Enablers)
- Sustained profit and growth engine
- Demonstrable strength in risk management
- Creating Fintech@Scale
- Sustainable future growth through ESG

External Drivers
- Government and Regulatory Environment
- Evolving Digital Infrastructure
- Evolving Customer Needs
- Climate Change
- Socio-Economic Condition

Business Activities

Rural Business Finance
- Rural Group Loans and Micro Finance (JLG)

Farmer Finance
- Farm Equipment Finance
- Agri-Allied Finance

Urban Finance
- Home Loans and LAP
- Two-Wheeler Finance
- Personal Loans

SME Finance
- SME Loans to Professionals and Traders

Strategic Levers
- Retailisation
- Digitalisation
- Customer Centricity
- Accelerated Wholesale Reduction
- Corporate Governance

Merger: L&T Finance has merged all its financial services companies, creating a single lending entity i.e., L&T Finance Limited

Key Benefits of the Merger:
- Enhanced governance and controls
- Astute Liability management
- Ability to provide enhanced return to shareholders
- Seamless compliance and adherence to RBI Scale Based Regulations
- Operational efficiency

SDG Alignment:

Risks				
Credit Risk	Market Risk	Reputation Risk	Model Risk	Cyber Risk
Operational Risk	Legal Risk	Strategic Risk	Regulatory Risk	Fraud Risk

OUTPUT	OUTCOME	RISK
FINANCIAL CAPITAL - 94 lakh+ Active customers - ₹ 2,320 Cr Net Profit (PAT) - 8.70% Net Interest Margin - 22.84% Capital Adequacy Ratio - Retailisation with ₹ 80,037 Cr total Book Size - RoA: 2.32%	**FINANCIAL CAPITAL** - Better Quality of Life - Financial Independence	Credit Risk, Model Risk, Operational Risk, Regulatory Risk, Market Risk, Cyber Risk, Reputation Risk, Fraud Risk, Strategic Risk, Legal Risk
HUMAN CAPITAL - No. of new hires: 18,140 - 4.6% of women in workforce - Number of manhours of training: ~11,56,700 - 150 employees availed certifications and 3 Seniors Leaders nominated for Foreign Executive Programs - 40.55 average learning hours per Employee - 23,810 hours of ESG training to Employees - 79% of employees from Rural and Semi-Urban communities - 48% increase in women frontline roles - 25.6% of employee turnover rate - Hazard Identification and Risk Assessment conducted covering all 4 zones pan India	**HUMAN CAPITAL** - Diversity and Inclusion - Talent attraction and 10% reduction in attrition rate - 2,000+ employees got higher roles through Aspire Programme - Skill enhancement of employees in coveted domains - Enhanced productivity and improved stakeholder confidence - Reputation enhancement - Transparency	Operational Risk, Reputation Risk, Strategic Risk, Regulatory Risk, Fraud Risk, Cyber Risk
MANUFACTURED CAPITAL - 27% increase in disbursement of Rural Business Finance loans - 2.3 Cr+ Rural and Urban Customer database - Serves 8,800+ customers on an average per branch - Product Penetration Per Customer- ~3 (in addition to Lending Product) - 27% (Rural Business Finance), 6% (Farmer Finance), 21% (Two-Wheeler Finance) Disbursements growth Y-o-Y	**MANUFACTURED CAPITAL** - Financial Inclusion - Increased customer penetration - Improve customer satisfaction and experience	Operational Risk
INTELLECTUAL CAPITAL - 91 lakh+ downloads of PLANET App - Loans to repeat customers (by value)- Rural Group Loans and Micro Finance 67.5 (avg), Farm Equipment Finance 21.75 (avg) - Zero DPD- Rural group Loans and Micro Finance- 97.0%, Farm Equipment Finance- 85.7%, Two-Wheeler Finance- 90.1% - ISO 27001 compliant - 100% Digital Disbursements (Rural + Urban) - Customer Interactions through Digital Channels- 216 lakh+ - Improvement in IT Systems' Down-Time - ISO 20000 System implemented	**INTELLECTUAL CAPITAL** - Digital agreements using digital authentication - Improve decision making - Improved customer base with low credit risk - Paper-less customer journey with reduced human intervention and errors. - Reduced turn around time	Credit Risk, Model Risk, Cyber Risk, Fraud Risk
SOCIAL CAPITAL - 64.20 lakh+ Women Beneficiaries Receiving Rural Group Loans and Micro Finance - Reduced TAT for customer service - 97% of customer complaints closed - 885 Digital Sakhis - 7,500 Upskilled Women Entrepreneurs - 72% of women contribution to family income (Digital Sakhi) validated through SIA - Assessment of ESG maturity of >75% value chain partners - Effective Grievance Redressal Mechanism for all stakeholders - ISO 26000:2010 Social Responsibility Certificate of Conformance	**SOCIAL CAPITAL** - Creating Women employment opportunities - Enhanced Digital and financial literacy of rural women - Improved NPS score - Better economic growth - Reputation Enhancement - Transparency - Creating a sustainable supply chain - Informed decision making	Operational Risk, Cyber Risk, Reputation Risk, Fraud Risk, Strategic Risk, Legal Risk
NATURAL CAPITAL - 1,840 tCO_2e avoided from Operations Through Renewable Energy - 1,982 tCO_2e sequestered - Increased flora and fauna - 16,958 Kg of Waste Recycled - 44,168 Number of EVs Financed - ISO 14064-2:2019 for Quantification of Net GHG Removals'	**NATURAL CAPITAL** - GHG intensity reduction - Improved the flora and fauna in the region - Carbon Neutrality - ~99% of Maharashtra branches operate on green power - 1/3rd of company operations powered by green energy	Reputation Risk, Operational Risk, Strategic Risk, Regulatory Risk

ESG@LTF

The world today is striving to become more sustainable and inclusive. The need for this is becoming more critical as world events and disruptions are fast-forwarding risks like climate change, inequality and cyber safety, which have widespread impact.

Businesses worldwide are also increasingly realising the importance of incorporating Environmental, Social, and Governance (ESG) principles into their operations and business models to create a sustainable organisation. In the Indian context, this trend has been gaining traction, with more focus on ESG reporting, indicating a broader integration of ESG principles into organizational DNA. Noteworthy interventions by SEBI, the Ministry of Environment, Forest and Climate Change, and the Government of India like BRSR reporting and launch of the Green Credit Programme, have supported the ESG ecosystem at the national level.

LTF, as one of the leading NBFCs in India, stands committed to integrating ESG principles into its business operations as part of its Lakshya 2026 strategy. As an early adopter of ESG practices, LTF continues to embed sustainability into its strategy, striving for creating long-term value for its stakeholders. LTF, in 2022, committed to become Carbon Neutral by FY35, and drives actions towards reducing the carbon footprint of its operations. Significant steps have already been taken in this direction by sourcing 100% of the electricity requirements at HO and 24 branches from renewable energy sources. This move has resulted in ~1,840 tCO_2e reduction in carbon emissions for FY24, with plans to extend this initiative to branches in the near future. Notably, 39% of your Company's operations are powered by green energy.

LTF's strong dedication to ESG serves as a crucial element in building an inclusive organisation, enabling it to adapt swiftly to changes, fostering innovation, and making a significant impact. LTF has strived to take all stakeholders along as a part of its ESG journey, whether it is about a 'Listening framework' for employee participation in the journey or working with value chain partners to improve their ESG practices. In addition to incorporating sustainability into its business processes, your Company endeavours to benefit society and the environment positively. As part of its dedication, LTF grew its sustainable finance/priority sector lending portfolio to ₹ 9,444 Cr in FY24. It has been instrumental in attracting funds towards Indian low-income states, women, farmers and generating livelihoods. These sustainability-focussed loans have contributed to creating positive social and environmental impacts.

Recognising the importance of ESG and Climate risks, LTF has been quick to design processes and structures to manage ESG risks effectively. This approach to ESG at LTF is not merely a strategic imperative but a reflection of enduring values. Prioritising customer centricity, risk management, strong governance, and community engagement in all endeavours, these principles serve as the bedrock of strategic drivers. They guide LTF in delivering exceptional experiences to its customers and employees, while also ensuring sustainable performance and generating long-term value for its shareholders including customers, communities, and value chain partners.

LTF ESG Vision

To be an environmentally and socially responsible financial institution built on the foundation of 'Assurance', focussed on generating sustainable long-term value for all our stakeholders

LTF ESG Goals

Ensure profitability with ethical, environmental and social responsibility

Integrate ESG practices into LTF's business, operations and value chain

Achieve 'Best-in-Class' ESG Ratings

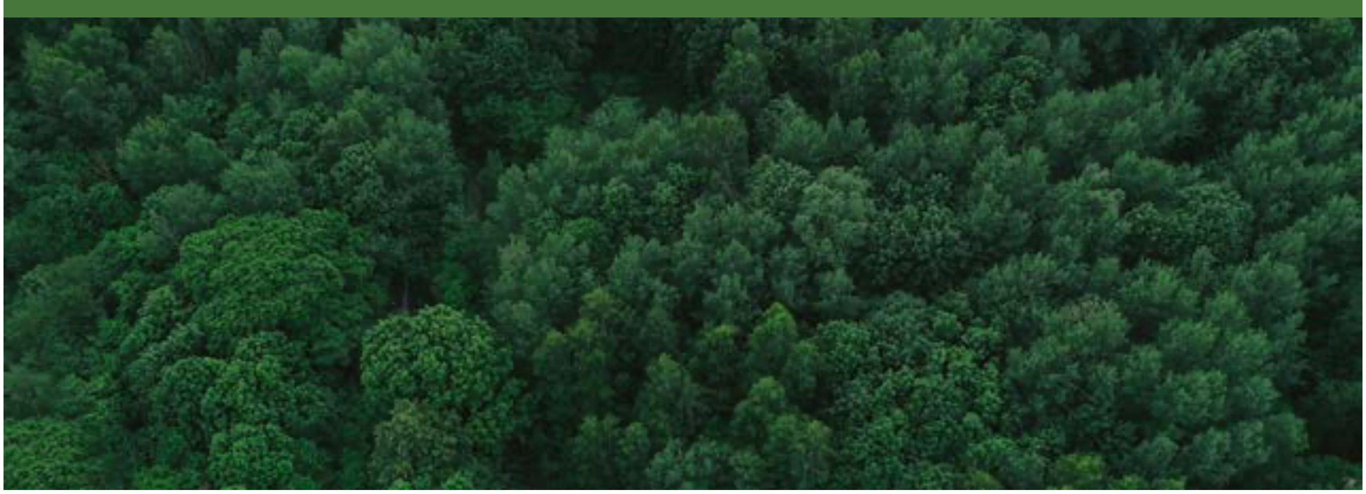
LTF is committed to integrating ESG principles into all its service and products to drive sustainability and promote an equitable and resilient future

LTF's ESG Performance in FY24

LTF's ESG journey that started 5 years ago, has evolved from making sustainability disclosures based on existing practices to enhancing practices, disclosures and certifications. In 2022, LTF embarked on the path of establishing itself as an ESG-conscious organisation, making ESG a core pillar in the business strategy. Since then, your Company has set public, long-term, middle-term and short-term ESG targets and has been achieving them. The highlights of FY24 are outlined below.

Environment

Committed to achieving Carbon Neutrality by FY35: On track, achieved annual interim target	~18% carbon/GHG (Scope 1+2) emission saved/sequestered Y-o-Y	39% operational energy mix from renewable energy
~1,840 tCO_2e emission avoided (green power)	50,000+ saplings planted through Project Prakruti	Strengthened Scope 3 by estimation of Financed Emissions in select portfolio and Employee Commute emissions
>50 times of water consumed in operations, replenished	~183 lakh kl water replenished through Jal Vaibhav (Watershed management)	44,168 Two-Wheeler Electric Vehicles ("EVs") financed
~8,266 tCO_2e avoided by EV Financing	Conducted e-waste collection drive for employees	100% waste segregation and recycling at HO (via, authorised recycler)
Roadmaps created for Zero waste to landfill and Zero Liquid Discharge	100% digital disbursements (Rural+Urban)	ISO 14064-2:2019 certified plantation project with associated carbon sequestration
Digital collection 94% (Urban) and 25% (Rural)	100% paperless journey in Rural Group Loans and Micro Finance, Two-Wheeler Finance, Farm Equipment Finance, Personal Loans and SME Finance	Established ESG due diligence process for opening new branches



Social

Facilitated better quality of life and higher income-earning ability for customers through Rural Group Loans and Micro Loans, Two-Wheeler Finance, Farm Equipment Finance and SME Finance	Promoted equitable development with 51.5% of Rural loan book being from low-income states	Provided finance in 40+ aspirational districts of India (identified by the Government of India)
Raised a total of ₹ 9,444 Cr of Sustainable Finance/Priority Sector Lending	~64.20 lakh+ total women borrowers	Launched NPS for customer onboarding process (overall NPS-54)
11.50 lakh+ community members sensitised on Digital and Financial Literacy	Total CSR spend ₹ 23.83 Cr	₹ 18.03 Cr spent over and above the CSR obligation of FY24
₹ 60 Cr+ Social Convergence Value	1 lakh+ beneficiaries linked to social schemes	21,000+ youth sensitised on Two-Wheeler road safety
Empowered 885 Digital Sakhis and 7,500 Women entrepreneurs through CSR initiatives	Impacted 12.70 lakh+ lives through CSR initiatives	Engagement with value chain for ESG assessment
Imparted training to employees (40.55 hours)	Hazard Identification and Risk Assessment conducted covering all 4 zones pan India.	Encouraged hiring of women leading to overall women representation increasing to 4.6%
DE&I sensitisation and awareness program conducted for middle management	100% employees trained on various BRSR principles	Introduction of Leadership Development programme

Governance

Completed merger of entities to create a 'Single Lending Entity' to enhance governance structure	**Certifications:** ISO 14064-2:2019 GHG Emission, ISO 26000:2010 Social Responsibility, ISO/IEC 2000:2018 Information Technology-Service Management, ISO/IEC 27000 on Information Security Management Technology Service	>50% of the Board Members Independent
18% women representation in the Board	33% of Independent Directors are women	Robust Board succession plan - induction of new Independent Directors ahead of time
Review of ESG practices by Board-level Committee	Regular newsletters to the Board - update amongst other things, on economy, business and ESG / social responsibilities activities	Adopted 24 sustainability targets for FY25 with a tracking mechanism in place
100% of the Board Members trained on ESG and Information Security topics	27% Women in Group Executive Committee	Adopted ESG-linked KPIs for Senior Management
Sustainable Finance Framework in place with second-party opinion by CRISIL	ESG framework strengthened- HIRA study and ESG due diligence for selection of new branches	Strengthened leadership in critical functions with a strong advisory bench
Introduction of biannual CSR and ESG newsletter for employees	Mandatory modules completed on BRSR principles by 100% employees	~48% increase in Field Level Women hiring on Y-o-Y basis
Conducted Value Chain Assessment on ESG principles for top 75% of Value Chain		

Sustainability and ESG-Focussed Policies

Sustainability and ESG have always been an integral part of LTF, paving the path for its endeavour to contribute to an inclusive future. Your Company has a robust sustainability and ESG policy ecosystem which has been guiding and driving ESG initiatives seamlessly, blending ESG into its business models.

ESG Policy

This policy was developed to act as a guiding framework to incorporate Environmental, Social and Governance considerations into operations and business, mitigate material impacts and risks thereof, serving as a guiding document for the initiatives undertaken by LTF.

Health and Safety Policy

The primary objective of this policy is to enhance the health and safety performance of LTF and its employees continually. It also outlines the necessary measures and guidelines required to achieve this objective, emphasising the importance of a proactive approach to safety management.

Diversity, Equity and Inclusion Policy

LTF is committed to creating and upholding an inclusive and diverse working environment that provides equal opportunity for employees to perform and evolve. Your Company values each employee's skills, experiences, and unique perspectives and maintains a corporate culture that is equitable, non-discriminatory, and respectful to all stakeholders. This policy demonstrates LTF's commitment to promoting diversity, inclusion, and equity in the workplace and across its value chain.

Human Rights Policy

LTF acknowledges its responsibility to uphold the human rights of all stakeholders, in accordance with the UN Guiding Principles for Business and Human Rights. The Company has committed to respecting human rights, outlined in its Human Rights Policy. This policy serves as a framework for ensuring the protection of human rights, which LTF views as an integral component of responsible business practices.

Data Privacy Policy

LTF's Data Privacy Policy outlines the Reasonable Security Practices and Procedures implemented for the sharing, use, and disclosure of personal information provided by customers to your Company, whether in person or through digital platforms and/or any information pertaining to your Company. Your Company has obtained ISO 2000:2018 and ISO 27000 Certification on Information technology Service Management System.

Environment Policy

LTF is committed to minimising its environmental impact and promoting sustainable business practices. This policy acts as a guiding document to foster safe and environmentally friendly business practices, promote environmental sustainability and ensure compliance with statutory requirements. The policy also promotes a culture of environmental stewardship among all stakeholders, including employees, customers, and suppliers.

Please refer to the section 'Policy Compendium' to access the policies.

Our Approach to Value Creation

Your Company is a resilient organisation, capable of adapting to changing external and internal conditions and has been leveraging its capabilities in data analytics and technology. Your Company has been placing heightened focus on automation of processes, scalability, improving customer experience and data privacy and security.

LTF's overall business model is guided by its vision and values and its business activities remain at the center of its value creation process. LTF drives operational efficiency, productivity, and market differentiation. This leads to enhanced competitive advantage driven by greater resilience, increased returns, ability to leverage new market opportunities, attracting investments, and access to newer markets among others.

Environment Stewardship

LTF is strongly committed to promoting environment friendly practices through its business and operations.

- In order to promote sustainable transportation, your Company has been funding Two-Wheeler EVs under its Two-Wheeler financing business. India's commitment to the EV30@30 initiative to reach a 30% EV sales share by 2030 presents an opportunity to be leveraged. Inspite of the FAME II subsidy discontinuation, in FY24, LTF financed 44,000+ Two-Wheeler EVs. The Company will continue the endeavour to finance sustainable mobility options and has committed to achieve 75,000 Two-Wheeler EV financing by FY25.
- LTF has been focusing on retailisation and is honouring its past financial commitments in the wholesale business to bridge India's funding gap for climate action. During FY24, your Company avoided ~15.58 lakh+ tCO_2e emissions through such funding.
- LTF announced its commitment to become Carbon Neutral by FY35 and has already made significant progress in this direction through focussed efforts. In order to reduce its carbon footprint, LTF has been implementing energy efficient measures. Further, your Company regularly scans and monitors availability of green power for branches and shifts to green energy, as feasible. In FY24, 9 additional branches moved to green energy, making ~99% of its operations green in Maharashtra. Your Company has been planting saplings to create carbon sinks and sequester carbon. A process of ESG due-diligence (covering aspects like energy efficient measures, health and safety, etc.) has been established as a pre-requisite for opening branches.
- After achieving its public commitment of becoming Water Neutral by FY22, LTF set a target to become 'Water Positive' in FY23 and remain water positive every year. LTF has achieved the 'Water Positive' status in FY24 as well and will continue

to achieve greater efficiency in water consumption through technological and behavioural change interventions.
Your Company has created a Zero liquid discharge roadmap and will continue to focus on maximising water replenishment by repairing water harvesting structures and building the capacities of Water User Groups.

- During the reporting period, LTF aggressively pursued a low-carbon route in operations through digitalisation. PLANET App, a customer servicing application, has helped the Company reduce customer travel to branch, avoided employee travel to field, and led to reduction in paper usage.
- LTF undertook another significant initiative of engaging with its upstream and downstream value chain partners and created a value chain ESG assessment framework. Your Company engaged with >75% of its value chain by rolling out an ESG assessment and holding awareness and capacity-building sessions.

Promoting Rural Livelihood and Development

- Despite steady rural economic growth, accessing financial services remains a challenge for rural communities. A large percentage of marginal farmers lack formal access to credit, with women being disproportionately affected. LTF understands the profound impact of financial inclusion on the communities we serve. Hence, through its lending activities particularly in underserved and unserved regions and lagging states, LTF aims to empower individuals, especially women, farmers, and MSMEs, thereby enhancing economic resilience. In order to promote equitable development, your Company focussed on channelising credit to customers from low-income states. In FY24, 51.60% contribution of rural loan book was from low-income states. The Company targets to maintain the contribution at the same level in FY25. In addition, in FY24, LTF signed for social loan with ADB and JICA for 125 million US$ for financing rural women borrowers and micro loans, farmers (new farm equipment), Two-Wheeler purchases (including EV Two-Wheelers) and self-employed professionals and MSMEs in lagging/low-income states of India. LTF serves customers from 40+ aspirational districts.
- Through Rural Group Loan and Micro Loans, your Company has been supporting women entrepreneurship and livelihood enhancement in rural India to make them financially self-reliant and bring them into the mainstream economy. Thus, contributing to the SDG 5 of achieving gender equality and women empowerment. In FY24, LTF scaled up the number of active women customers from 60 lakh+ in FY23 to 65 lakh+ in FY24. Your Company also achieved 48.6% contribution of loan book towards rural livelihood financing through various targeted measures.
- As the women customers scale up their microenterprises, they need additional capital. LTF supported these customers through repeat loans. Such repeat loans bolster the income-generating ability of the women. Given the importance of this additional support, LTF maintained the proportion of

women taking repeat Rural Group Loans and Micro Finance at 45% in FY24.

- LTF prioritises financial inclusion by lending to the underserved and underprivileged sections of society and has continued providing finance to rural belts and New-to-Credit customers.
- The Farmer Finance products like Farm Equipment Finance also support the needs of the rural farmers. The business aids agriculture and farmers' livelihood, contributing to SDG 1 and 2 of ending poverty and achieving food security.
- LTF's Two-Wheeler Finance aids SDG 8 of promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all by supporting the need for enhanced mobility, which in turn leads to improved productivity and sustainable livelihoods. Many customers also use the Two-Wheelers to secure jobs as a delivery person. By catering to the needs of the underserved markets, LTF demonstrates its endeavour toward meeting the 'Social' criteria within the ambit of ESG.

Creating Social Impact

LTF prioritises investing in stakeholder relationships through transparency, and ethical and equitable initiatives. It considers community well-being (including women empowerment) an essential aspect of building the right environment for the betterment of lives and creating sustainable livelihoods. During FY24, LTF supported 12.70 lakh+ community members through CSR interventions. Further, your Company encourages its employees and equips them with the required skills to be a part of volunteering initiatives. This way, it instils a sense of responsibility that the employees have, not just towards their work but also towards society. Employee volunteering consists of both virtual and physical sessions. LTF engages with external stakeholders, obtains their feedback and takes the necessary steps to manage stakeholder needs.

Leveraging Sustainable Finance

LTF, in FY24, put in place a Sustainable Finance Framework (SFF) to further strengthen its capacity to finance Social and Environmental projects which are in line with the UNSDGs. In FY24, your Company secured sustainability focussed loans of ₹ 9,444 Cr including priority sector loans. The Company plans to maintain and leverage its sustainability performance and secure ₹ 4,000 Cr in FY25 through sustainability focussed and/or priority sector lending.

Way Forward for Maintaining a Competitive Edge by Transforming L&T Finance into a Retail Fintech@ Scale

LTF is committed to conducting business in a transparent and principled manner with a high level of accountability to its stakeholders including shareholders. Your Company understands that creating long-term value for its customers, investors, employees and communities is instrumental in achieving the goals and objectives that it has set for itself. LTF believes in leveraging existing opportunities and takes up the responsibility of enabling its stakeholders to achieve more. It prioritises financial and non-financial parameters through systems and processes implemented across the organisation. These systems and processes are developed after careful consideration of the impact of LTF's business as it evolves. There is Board-level oversight across strategic, environmental and social aspects. LTF is committed to integrating sustainability into its business operations.

5-Pillars of execution adopted by your Company will act as strong anchors to enable LTF to become the retail Fintech@Scale that it aspires to be. Your Company is well on track on its journey to become a Retail Finance Fintech@Scale and all its actions, going forward, will be guided by these vectors in order to ensure that the organisational goals are achieved.

Risk Management

Effective risk management is vital for LTF to uphold operational integrity and safeguard stakeholder interests. It serves to mitigate financial losses, ensure legal and regulatory compliance, and protect reputation. By facilitating informed decision-making and efficient resource allocation, your Company maintains a prudent risk appetite and builds stakeholder confidence. Risk Management is integral to your Company's long-term success, particularly as it strives to become a digitally-enabled Fintech@Scale. Various risks, including credit, market, liquidity, fraud, cyber, climate, social and operational risks, are inherent in your Company's operations. To address these risks, the Board, through its sub-committees, has set the overall risk management philosophy and risk appetite. The Credit Committee, Risk Management Committee ("RMC") and Asset Liability Management Committee ("ALCO") review various aspects of risks arising from the business and operations of your Company. A Board and Committee approved Risk Management policy and Risk Management Framework are in place, encompassing a risk appetite statement, risk limits framework, risk dashboards, and Early Warning Signals. The RMC, comprising Independent Directors (ID) and other Senior Leaders of your Company, periodically supervises the effectiveness of the said framework, ensuring independent oversight and guidance. Stress tests are conducted in response to assess the resilience to financial and economic shocks due to changing market conditions that may affect the liquidity and interest rates, and the same is monitored by ALCO on a monthly basis. ALCO assesses the durability of the balance sheet, providing insights for the Management to develop mitigating actions. Additionally, periodic onboarding of an external independent party for reviewing the risk management framework ensures alignment with market-best practices and assesses your Company's capital strength and earning volatility.

Recognising emerging risks such as reputational, sustainability, and climate-related risks, your Company has developed a framework to address these challenges. In compliance with RBI regulations, your Company has established an Internal Capital Adequacy Assessment Policy ("ICAAP"), detailing risks, mitigants, and capital requirements for present and future periods. Quantitative and qualitative templates under the ICAAP framework measure and manage various risks.

Aligning with Lakshya 2026 goals, your Company has refreshed its Risk Appetite Statement, defining aggregate risk levels and types monitored at the entity level. This statement is cascaded through individual/group limits across different business lines, including products, sectors, geographies, and counter-parties. Continuous monitoring by the RMC and risk management function ensures adherence to these limits.

Broad Risk Framework

Credit Risk	Market Risk	Operational Risk	Other Risks
1) Default Risk	1) Interest Rate	1) Process	1) Legal
2) Concentration Risk	2) Liquidity	2) People	2) Regulatory
i) Client	3) Maturity Mismatch	3) Information Technology	3) Reputational
ii) Industry	4) Currency/Forex	4) Outsourcing	4) Strategic
iii) Geography			5) Political
			6) Climate

Credit Risk

LTF is exposed to various risks, such as operational, liquidity, and market risks. However, credit risk stands out as the primary concern for its business operations. Consequently, your Company implements efficient strategies to manage this risk efficiently. As part of its Lakshya 2026 journey, LTF has adopted a holistic portfolio management framework, focusing on enhancing underwriting capabilities for both existing and new-to-credit customers. This includes investments in geo-agnostic underwriting capabilities, digital enhancements, and analytical tools to consider multiple variables in decision-making processes. These initiatives not only reduce credit costs and enhance efficiency but also facilitate scalable growth for your Company.

To enhance credit risk management, a new-age underwriting architecture has been put in place. The new-age underwriting architecture focuses on the adoption of an approach which ensures the creation of a robust and resilient portfolio. The customer-centric underwriting engine of your Company is equipped to effectively identify different customer segments and tailor the risk assessment and underwriting processes to each segment. In order to achieve this, your Company has invested in improved digital analytics as well as new-age credit underwriting to ensure multiple variables/parameters are considered in order to arrive at the optimal credit decision.

Moreover, LTF employs an effective review mechanism, leveraging Early Warning Signals to identify potential credit weaknesses while maintaining a Zero DPD approach. This proactive approach has ensured stable asset quality amidst market volatility and a challenging lending environment. Additionally, your

Company's prudent provisioning policy aligns with regulatory guidelines, computing provisions in accordance with Ind-AS 109 and extant prudential norms on Income Recognition, Asset Classification, and Provisioning ("IRACP"). Any shortfall between impairment allowances under Ind-AS 109 and IRACP requirements is allocated to a separate 'Impairment Reserve,' thereby bolstering your Company's financial resilience.

Market/Liquidity Risk

LTF prudently shields itself against market and liquidity risks by upholding a favorable liquidity gap on a cumulative basis across all time buckets up to one year, consolidating its financial stance. Additionally, your Company has implemented a Contingency Funding Plan to effectively address potential disruptions that may impede its ability to fund activities promptly and affordably.

Your Company also maintains a positive interest rate sensitivity gap over a one-year horizon, serving as a safeguard against interest rate fluctuations within its balance sheet. Furthermore, LTF conducts regular stress testing on liquidity and interest rates, enabling it to adapt and navigate through evolving market conditions effectively.

Operational Risk

LTF's robust Operational Risk Framework, designed to anticipate and address potential risks, is overseen by the Operational Risk Management Committee. This dedicated team meticulously examines operational risks and incidents to ensure the seamless continuity of processes and systems. In alignment with the Lakshya 2026 objectives, the team has embarked on a comprehensive project. Involving review of over 385 Standard Operating Procedures ("SOPs"), 40 process flows, 979 Risk Control Metrics ("RCM"), and 56 Key Risk Indicators ("KRI") to enhance regulatory compliance and bolster process resilience. Additionally, a framework is being developed to ensure ongoing adherence to these SOPs by employees.

Recognising the importance of digitalizing the lending process and creating autonomous journeys, LTF has established a Process Approval Group. This group is tasked with critically reviewing any proposed changes to systems and processes, with the aim of standardising operations across various products. Through this initiative, LTF aims to maintain better control over its processes while delivering a superior customer experience.

Other Risks

LTF proactively manages various risks, including fraud, legal, climate, regulatory, reputational, strategic, and political risks. To prevent fraud, your Company implements robust digital controls and analytical capabilities, continuously refining assessment methodologies and conducting thorough employee training. The introduction of the risk awareness mascot 'Sachet Kumar' and campaigns like 'Jaankar Baniye Savdhaan Rahiye' further educates stakeholders on fraud prevention.

LTF addresses escalating cyber-attack risks with stringent security measures, including real-time simulations, denial-of-service protection, and comprehensive assessments of internet-facing applications and third-party vendors. Furthermore, your Company enhances compliance with the Fair Practices Code, Outsourcing Guidelines, and Customer Grievance Resolution Framework through projects aimed at strengthening processes and aligning practices with industry standards.

LTF has put forth operational measures to monitor and respond to internal risks such as, data breaches and cybersecurity-related incidents by conducting cybersecurity awareness training, quarterly phishing drills, and implementing measures such as blocking USB access and unauthorised applications, two-factor authentication, and scanning email attachments. Your Company also deploys detection technology to preempt attacks and enhance customers' data-security layers against emerging threats.

Furthermore, to ensure the highest standards of compliance, LTF undertakes projects to review and strengthen processes related to customer grievances, repossession, resale, and customer service resolution framework. These initiatives aim to provide seamless and timely customer experiences while aligning practices with industry best practices.

ESG-Related Risks

LTF, in its operational framework, diligently identifies and manages risks across its diverse business verticals. A comprehensive approach is adopted, encompassing thorough assessments and the implementation of robust mitigation systems.

Your Company also recognises the significance of Environmental, Social, and Governance (ESG) related risks within its portfolio. Detailed analysis, incorporating various parameters like rainfall deviation, reservoir storage, and agricultural practices, is conducted to mitigate these risks effectively. Moreover, your Company's Economic Affairs Group provides valuable inputs on environmental and social factors impacting various portfolios of your Company during monthly ALCO meetings.

ESG risks, including climate-related concerns, are closely monitored and integrated into LTF's risk management practices. LTF acknowledges that climate change poses significant risks, potentially leading to operational disruptions, increased costs, reputational damage, and changes in asset values. To mitigate these risks, your Company integrates climate risk considerations into decision-making processes, conducts periodic portfolio reviews, and invests in measures to mitigate environmental impacts.

Notably, sustainability and climate-related risks are addressed differently within LTF's risk framework across various lending products. This tailored approach ensures a comprehensive understanding and management of risks and opportunities associated with climate change and sustainability across your Company's operations.

Types of Risks	Mitigation	Capitals Impacted
Credit Risk Risk stemming from borrowers' failure to fulfil their contractual obligations with the financial institution, particularly regarding payment or repayment defaults	- Accessing geopolitical data, behavioural patterns and alternative data,credit history while customer acquisition - Conducting periodic portfolio reviews and regular account monitoring for Early Warning Signals (EWS) within the retail portfolio - Periodically reviewing large exposures, aligning with internal policies, and rating these exposures accordingly	- Financial Capital - Intellectual Capital - Social Capital
Market Risk Risk to your Company's earnings and capital due to changes in the market level of interest rates or prices of securities, foreign exchange, and equities, as well as the volatilities of those changes	- Management and oversight of Interest Rate Risk, Liquidity Risk, and Exchange Rate Risk, by ALCO in accordance with the Board approved Asset Liability Management Policy	- Financial Capital

Types of Risks	Mitigation	Capitals Impacted
Operational Risk Risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or external events. It may also include internal or external fraud and damage of physical assets due to natural disasters, terrorist activity, and fire, among others	- Conducting periodic reviews and updates of Standard Operating Procedures - Evaluating the operations of different functions and branches by the Internal Audit Department - Establishing a Risk Control Unit to assess the necessity of due diligence in retail business operations, aligning with business standards - Utilizing the Information Security Manual to effectively manage system risks - Implementing suitable insurance mechanisms to mitigate risks associated with physical events - Enhancing the Operational Risk framework by reviewing and updating SoPs, process flows, risk control metrics, and KPIs - Ensuring compliance with regulatory requirements and bolstering process resilience through these updates - Developing a framework to promote ongoing adherence to SoPs among employees at LTF - Setting appropriate insurance mechanism to safeguard risks from physical events	- Financial Capital - Manufactured Capital - Human Capital
Legal Risk Risks arising from matters concerning laws and contracts entered into by the organisation with various counterparties and lawsuits that the organisation may have to initiate against others	- Regular consultations with LTF's legal team for insights on various contracts - Providing borrowers with a list of required documents for different types of facilities - Conducting essential due diligence procedures as per legal team recommendations	- Financial Capital
Reputation Risk Negative perceptions from stakeholders and the public regarding the organisation could harm customer retention and acquisition efforts and also potentially lead to legal and regulatory repercussions	- Proactively assessing negative perspectives within certain market segments or society - Understanding the viewpoints to initiate corrective actions - Addressing concerns by adjusting practices or rectifying misconceptions	- Financial Capital - Social Capital

Types of Risks	Mitigation	Capitals Impacted
Strategic Risk Risks associated with potential impacts on earnings or capital resulting from unfavourable business decisions, improper execution, or failure to adapt to industry shifts	• Guided management of risk under the direction of RMC and Board	• Financial Capital • Human Capital
Model Risk Potential risks may arise due to dependency on flawed models that lead to inaccurate decision-making. Incorrect assumptions leading to improper model outputs may lead to larger operational risks	• Establishing a dedicated team to implement the Model Governance Framework • Developing policies, procedures, documentation, and controls to manage risks linked with model usage • Designing the framework to regulate model utilisation in decision-making processes	• Financial Capital
Regulatory Risk Risk of legal or regulatory penalties, significant financial loss, or damage to reputation that an organisation may face because of non-compliance with laws, regulations, industry standards, and codes of conduct relevant to its operations	• LTF's dedicated Compliance department oversees and monitors risk management • Communication and prompt notification to stakeholders of any regulatory changes to ensure compliance • Periodically reviewing and revising policy documents and operational manuals by respective departments to reflect regulatory changes and accrued experience • Independent review by the Internal Audit team of the compliance requirements in addition to the above measures	• Financial Capital

Types of Risks	Mitigation	Capitals Impacted
Cyber Risk Risk denotes the potential adverse outcomes stemming from vulnerabilities and threats in the digital sphere, encompassing unauthorised access, network and data damage. Cyber risks can lead to varied consequences such as financial setbacks, compromised sensitive data, reputational harm, or service disruptions	- Performing routine security risk assessments and audits - Deploying advanced cybersecurity technologies and malware protection measures - Regularly updating software and systems through security patching practices - Enforcing access control restrictions and user privilege management - Implementing strong data security controls and maintaining cyber insurance coverage - Implementation of a 3-tier security architecture within LTF's digital platform, featuring built-in disaster recovery - Deployment of multiple layers of defense for IT networks, websites, applications, databases, and user laptops/desktops - Protection against service attacks, ransomware, and malware through comprehensive security measures	- Financial Capital - Social Capital - Intellectual Capital
Fraud Risk Potential risk for financial losses due to deceptive practices, including loan defaulting, identity theft, or falsification of documents. It threatens the integrity of financial operations and customer trust.	- Implementation of various measures to mitigate fraud risk, including future proofing against new-age risks - Robust 360-degree monitoring strategies to detect and address fraud risks comprehensively - Cultivating a risk-aware culture within your Company - Integration of AI-based risk triggers to enhance fraud risk detection capabilities	- Financial Capital - Human Capital - Intellectual Capital - Social Capital
Climate Risk Potential risk for society and environment due to climate change related extreme weather events resulting in financial loses including loan defaulting, loss of asset, operational disruptions, degradation of farm land, loss of agriculture produce among others	- Integration of climate risk considerations into decision-making processes. Detailed analyses, incorporating various parameters like rainfall deviation, reservoir storage, and agricultural practices, are conducted to mitigate these risks effectively - Invests in measures to mitigate environmental impacts - Conducts periodic portfolio reviews. Economic Affairs Group provides valuable inputs on environmental and social factors impacting assets under management during the monthly Asset Liability Management Committee (ALCO) meetings - Inclusion of ESG risks in ICAAP	- Natural Capital - Financial Capital - Human Capital

Risk Governance

A robust risk management process has been fundamental to the growth and diversification of your Company. LTF has established a comprehensive risk governance framework to oversee and implement these processes across its operations. The Board, through its sub-committees, establishes the overall risk management philosophy and appetite. Specific board committees focus on overseeing various risks, including the Credit Committee, RMC, and ALCO.

Transparent policies, processes, and controls have been implemented by LTF to effectively monitor risks and opportunities. The Board approves comprehensive Risk Management Framework and the Risk Management Policy, guides the identification, monitoring, and mitigation of risks across businesses, processes, and procedures including sustainability and climate risks.

LTF's commitment to risk management and mitigation extends to its operational measures. Automation of processes by leveraging technology and analytics to improve operational efficiency and digitising onboarding and KYC process to extract information and process applications faster, with reduced human intervention and errors, are some initiatives taken by LTF to reduce and manage operational risks. Key initiatives taken on this front are mentioned below:

Paper-Less Journeys

LTF has mandated use of eKYC for Personal Loans, thus authenticating KYC of the customer directly through UIDAI without any submission of KYC documents. Also, your Company executes its agreements in digital mode using digital authentication

New-Age Credit Underwriting Practice

LTF uses analytics and new-age technologies to identify asset variables, customer profile-based parameters, credit behaviour of the customer and provides risk-based offering to the customers through its straight through Processing (STP) without any manual Intervention. It uses Machine Learning (ML) to provide the final score basis which the decision to onboard a customer is taken

New-Age Data Analytics

LTF extensively uses new-age data analytics to categorise its customer profiles at the time of sourcing and collections. Based on the customer categories, the best-suited methods are used for customer sourcing, collections, and customer retention practices. It also uses data to identify Early Warning Signals for monitoring of its portfolio on a real-time basis

The initiatives outlined, such as paper-less journeys, credit underwriting practices, and new-age data analytics, are reinforced by LTF's establishment of a Process Approval Group (PAG). This group ensures standardisation and oversight across various operational processes, fostering efficiency and consistency. By involving key stakeholders from diverse departments, including Product, Credit, Compliance, and IT/Digital, PAG facilitates comprehensive governance and implementation of initiatives, enhancing overall operational control and customer experience. This initiative enables your Company to get better control over various journeys while providing a best-in-class customer experience.

Process Approval Group is a governing body of key stakeholders tasked with:

Ensuring standardisation of processes across products, departments and functions, wherever feasible

Providing approvals for all process, work-flow and system related changes ("Project"), which are in nature of either creation/modification/migration/termination

Overseeing and supporting implementation of any key process/projects that may be referred to the PAG from time to time

No development, changes or amendments can be initiated without PAG Approval

PAG includes stakeholders and representatives from various departments with a significant stake in a Project's success, including:

- Heads or SPOCS of the varied cross-functional teams such as Product, Credit, Compliance, Operations Risk, Business Operations, IT/Digital, RCU, Retail risk along with Accounts, Infosec, Legal, and Compliance, as required
- Subject matter experts from various internal departments, as required

Responsibilities of PAG

- Advocate and provide approvals for changes in existing process, workflow or system and implementation of new project initiatives within your Company
- Determine overall project scope and strategic project direction
- Oversee project collaboration and plug identified gaps
- Ensure standardisation of processes across businesses
- Ensure that a risk event mitigated by system controls for any product be mandatorily built for addressing the same/similar risk across all products
- Regulate incoming project requests, validate them, and approve or reject their inclusion in project plans

PAG meetings are generally held twice a week and in case of any urgency, the meetings are convened on any other day, as per the consensus of the PAG members.

Risk Management Process

LTF has established a dynamic risk management mechanism, offering comprehensive insights into risks and the corresponding mitigation strategies. This process includes the following steps:

- **Identification**
- **Measurement**
- **Prioritisation**
- **Mitigation**

The risk management policies and practices at LTF contribute significantly to the following:

- Establishing an Enterprise Risk Management Framework to comprehend and pinpoint various risks and risk events across all business domains, processes, and procedures, thereby managing risks within acceptable thresholds.
- Developing systems, procedures, and guidelines to facilitate prudent lending, acquire quality assets, and capitalise on new business opportunities.
- Supporting a business model aligned with organisational strengths, regulatory requirements, and market dynamics.
- Monitoring and mitigating operational risks encountered by your Company, thereby minimizing operational contingencies and losses.
- Implementing a Risk Appetite Statement and Risk Mitigation Strategy to effectively manage emerging risks such as Fraud Risk, Cyber Risk, Climate Risk and Model Risk.

The overall risk management framework includes risk appetite statements, limits, periodic reviews, and Early Warning Signals ("EWS"). LTF defines clear risk appetite statements and sets limits for identified risks, cascading them to business lines, risk categories, and concentrations. The RMC periodically approves these limits. Regular monitoring ensures alignment with concentration limits and targeted risk appetite, while controls are continuously evaluated to manage operational risks and ensure regulatory compliance. The risk appetite framework has been updated to align with Lakshya 2026 goals, covering franchise, environmental, reputation (including climate risks), and credit risk aspects. Additionally, limits have been cascaded to manage risks for each retail product. LTF conducts periodic liquidity and interest rate stress testing under the Risk Management Framework to address market dynamics effectively.

Effective Risk Culture

Within LTF, a strong risk culture is deeply rooted, reflecting its unwavering commitment towards proactive risk management. Through steadfast leadership, rigorous training initiatives, and seamless collaboration, employees are empowered to identify, assess, and mitigate risks effectively. By harnessing advanced technology and fostering transparent communication channels, LTF ensures the preservation of stakeholder interests and the cultivation of long-term resilience within your Company's operational framework. Some of the strategies pursued by LTF to strengthen risk culture amongst the internal stakeholders are listed below:

1

Risk Awareness Training

Providing regular, ongoing training sessions to raise awareness about risk management throughout the organisation.

This is achieved through the completion of the annual mandatory training modules by the employees, which helps them understand in detail the different types of risks, their potential impact, and how to identify and mitigate them. 100% of the employees have completed all mandatory trainings

2

Communication

Employees are encouraged to actively participate in risk identification and reporting processes. Monthly emails are sent educating employees about the SOPs and examples of risk and steps to be taken for risk management

3

Recognition

Risk team recognises and appreciates employees who demonstrate proactive risk management behaviour, as it encourages others and reinforces the importance of risk culture. The recognised employees' names are published on different LTF platforms as 'SUREKSHA KE SIKANDARS'

4

Continuous Monitoring and Improvement

The risk team regularly assesses and updates the risk management practices.

- SOPs are reviewed on an annual basis
- KRIs are monitored on a monthly basis and any new risk identified is added in the KRI/RCM
- Root Cause Analysis is done on operational risk events through collaboration with other stakeholders and a CAPA (Corrective Action and Preventive Action) is implemented and monitored

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

LTF utilises stakeholder engagement and centricity as a core strategy for success, embedding these aspects within its business decisions and operations. Your Company is cognisant of the diverse perspectives, unique insights and varying needs of its stakeholders. This understanding is evident in the roadmap of your Company, which aims to generate long-term value for all stakeholders, while emphasising on customer-centricity and impactful operations.

Acknowledging the importance of understanding stakeholder expectations and aligning them with business goals, LTF proactively nurtures connections with people and organisations within and outside LTF. Your Company acknowledges the diverse needs and expectations of its constituents, encompassing economic, environmental, social, and governance (ESG) aspects. To ensure their voices are heard and concerns addressed, your Company prioritises regular engagement through multiple channels. Your Company has implemented robust processes to communicate and engage with its various stakeholder groups and ensure speedy redressal of all grievances.

In addition to proactive measures like surveys and grievance redressal mechanisms, your Company ensures consistent interactions with specific stakeholder groups. The Board takes an active interest and engages with stakeholders to understand their needs and expectations through site visits. During the year, the Chairman along with the Managing Director and Chief Executive Officer visited the rural hinterlands of Madhubani, Bihar, Gorakhpur, Uttar Pradesh to get first-hand insights into the needs of LTF's rural customers. Engaging directly with the Joint Liability Group (JLG), they delved into the banking habits and the rural customers' acquaintance with digital modes of payment. Additionally, one of the Independent Directors who joined L&T Finance visited the dealers, micro loan customers during the year and CSR project sites, and interacted with the stakeholders.

Additionally, during the year, LTF introduced the system to formally evaluate its customer satisfaction through the Net Promoter Score (NPS).

Stakeholder Partnerships

As a prominent retail NBFC, LTF engages with key regulatory and industry bodies and other relevant stakeholders to present its views on various critical matters, not limited to the Union Budget, Economic Survey, and Monetary Policy. Moreover, your Company actively participates in various regulatory consultations and has provided valuable inputs on various consultation papers.

Your Company is a member of various industry bodies, including the Federation of Indian Chambers of Commerce and Industry (FICCI) and Finance Industry Development Council (FIDC), which plays a crucial role in promoting the growth and development of the financial services industry in India. LTF's Managing Director and Chief Executive Officer is part of an esteemed group of industry leaders holding key positions in various industry bodies, including the FICCI Committee on NBFCs.

Additionally, he has also been a part of several committees of the Government and the Reserve Bank of India (RBI) in the areas of transit payment systems, banking security and retail payments, and was voted as one of the Top 50 Digital Finance Influencers in the country in 2024. LTF's leadership Team has also actively participated in the Academic Advisory Council of the Reserve Bank of India, the Lead Economist Group of NITI Aayog, the CII WR Sub-Committee on Corporate Governance, and the Editorial Advisory Board for the Bank Quest Journal of the Indian Institute of Banking and Finance.

LTF is highly committed to advancing financial inclusion through digital platforms and over the years, the leadership team has contributed to discussions at several key summits and roundtables through their extensive industry knowledge and expertise. Their insights and ideas have been instrumental in shaping the conversation on inclusive finance, fintech, and the role of digital platforms in enabling greater financial access for underserved communities. For example, your Company's Chief Economist was invited on many forums to present views on various macroeconomic topics like, RBI Monetary Policy, and India's GDP Growth, among others.

	Engagement Methods	Expectation	Engagement Frequency	Grievance Mechanism (Email to be Sent at the Given Addresses)
Employees	- Annual performance management - Annual reward and recognition programme - Star Awards - Long Service Awards - Planned training intervention - Leadership Development Programme - DE&I awareness and sensitisation workshops - Continuous dialogues with the Senior Management including through panel disscussion - Strategy alignment townhalls - Regular Volunteering Programs - LTF corporate radio podcasts on macroeconomic scenarios and other topics - Sessions on health and financial wellness training - Engagement through Daan Utsav Programme - Recreational activities during the festive season - Health initiatives like Stepathon	- Talent management - Employee engagement - Learning and development - Productivity - Staff welfare and health and safety - Remuneration and employee benefits - Equity and Inclusion	- Monthly - Quarterly - Half yearly - Annually - As and when required	- whistleblower@ltfs.com (managed by the Internal Audit Team respectively: wecare@ltfs.com) - wecare@ltfs.com (managed by the Prevention of Sexual Harassment Committee) - code@ltfs.com (managed by the Code of Conduct Committee and HR team)

	Engagement Methods	Expectation	Engagement Frequency	Grievance Mechanism (Email to be Sent at the Given Addresses)
Investors	Annual General Meetings (AGMs) Quarterly financial results, announcements through Stock Exchanges, social media, your Company's website, press releases and conference calls Media releases and interviews Institutional/analysts/investor calls, conferences and meetings Credit Rating Reports Annual Reports and Sustainability Reports Non-Deal Roadshows (NDR)	ROE Market outlook Business Strategy Operational efficiency Long-term sustainable business performance Technology in business Consistent and sustainable financial performance Net worth and market cap protection ESG risks and opportunities	Quarterly As and when required	igrc@ltfs.com (managed by the Corporate Secretarial Team)
Regulators	Filing of information and reports as per regulatory requirements Regular communication Interaction during inspections and as per requirements Periodic representations directly/ through industry bodies	Compliance with rules and regulations Corporate governance framework Long-term business performance Prudent business practices Workforce engagement Customer protection Adoption of fair practices while dealing with customers	As specified under regulations As and when required	igrc@ltfs.com (managed by the Corporate Secretarial Team) compliance@ltfs.com (managed by the Compliance Team)

	Engagement Methods	Expectation	Engagement Frequency	Grievance Mechanism (Email to be Sent at the Given Addresses)
Customers	• Omnichannel approach (digital, hybrid and human) to provide products and services • Customer grievance channels • Regular business interactions • Use of varied multi-media channels for campaigns, offers, and customer awareness • Seeking ongoing customer feedback • Periodic press releases and media interactions • Digital avenues like chat-bot, WhatsApp, and self-help option • PLANET App for customers to help manage their existing as well as new loans • Net Promoter Score (NPS) • Risk awareness on cyber safety • F2F interactions	• Ease of access to products • Quick TAT • Best-in-class service • Effective grievance redressal mechanism • Maintaining customer data privacy and security • Suitability of products and services • Transparent and fair advice • Digitised processes for efficient disbursements	Ongoing	customercare@ltfs.com www.ltfs.com (managed by the Customer Service Center Team) 1800 268 0000 1800 258 7702 (Customer Care Number)
Vendors	• Due diligence during vendor onboarding • Periodic assessments of services • Communication and confirmation of Third-Party Code of Conduct • ESG assessment and training of value chain partners	• Fair contractual terms and adherence thereto • Organisational ESG consciousness • Transparent, ethical and long-term business relations • Regular exchange of technical know-how • Regular training	Quarterly	code@ltfs.com (managed by the Code of Conduct Committee)

	Engagement Methods	Expectation	Engagement Frequency	Grievance Mechanism (Email to be Sent at the Given Addresses)
Community	- Needs assessment, and baseline surveys - Community engagement programmes - Social impact assessments - Capacity building workshops - Monitoring and evaluation - Participation in conferences/ forums for sharing information, experience and knowledge with other partners, associations, NGOs, and businesses, among others - Senior Management representation on boards of other industry bodies and associations on discussions relating to sustainability matters - Road safety awareness programme	- Upliftment of community - Stakeholder programmes to advocate sustainable customer behavior - Digital financial inclusion initiatives - Advocacy of best practices - Public policy advocacy - Disaster management - Road safety - Integrated water resource management - Generation of sustainable livelihood opportunities	Ongoing	csr@ltfs.com (managed by the CSR Team) Additionally, respective NGO partners have dedicated email IDs

Value Created for Stakeholders

LTF acknowledges the significant role played by various stakeholders in shaping its success and ensuring sustainable growth. Your Company firmly believes that creating value for these stakeholders is not just a responsibility but also a strategic necessity that drives its commitment to responsible business practices and positive contributions to society and the environment.

Materiality

The Report for FY24 has been prepared in accordance with the principle of materiality. LTF's materiality determination is based on a comprehensive method that includes an internal process combined with external benchmarking with peers and global sustainability standards, and external stakeholder consultations. As a responsible business, a periodic evaluation of material issues is undertaken, which influences your Company's operations and business decisions.

Materiality Assessment

LTF conducted the materiality assessment during FY22 in consultation with internal and external stakeholders. The Senior Leadership team at your Company identified and prioritised a list of internal and external stakeholder groups, and thereafter, with their consultation, a list of material topics was finalised through an analysis of the existing business scenarios, regulatory environment, external factors, peer review as well as global standards and frameworks. The internal stakeholders consisted of employees and the external stakeholders comprised customers (wholesale businesses), vendors, investors (institutional) and CSR project-implementing partners.

Your Company conducted a comprehensive review of its material sustainability issues to ensure their continued alignment with stakeholder concerns and business impact. This process involved three key steps:

1

Stakeholder Engagement

LTF's leadership team actively engaged with representatives from each identified stakeholder group. Through surveys, one-on-one meetings, telephonic interactions, and virtual sessions, the team sought to understand the stakeholder perspectives on environmental, social, and governance (ESG) parameters.

2

Leadership Input

In addition to stakeholder feedback, your Company's executive and business leadership team provided valuable insights on the business impacts of the identified ESG topics and the combination of these perspectives ensured a holistic understanding of materiality.

3

Prioritisation Methodology

Leveraging both stakeholders and internal responses, LTF adopted a structured rating methodology. This system prioritised material topics based on their relative importance to stakeholders and their influence on your Company's business performance.

Refining Materiality: A Journey of Continuous Alignment (2022-2024)

LTF is committed to ensuring that its sustainability efforts address the most relevant issues for its stakeholders and the business itself. This commitment started with materiality, a process undertaken in 2019 and 2022 to identify key topics. Recognising the dynamic nature of both sustainability practices and the business landscape, your Company reviewed and refined its material topics further in 2023. Certain topics were modified to align with the evolving business landscape, national and international ESG/business responsibility frameworks, and ESG nomenclatures.

During the reporting year, LTF further reviewed its material issues and strategically merged certain material issues based on their inherent interconnectedness and your Company's evolving priorities.

Refining Materiality: A Journey of Continuous Alignment (2022-2024)

This ongoing process of refinement ensures that LTF's sustainability efforts remain responsive to the most pressing concerns and opportunities, both internally and externally. By taking this journey of continuous assessment and refinement, your Company demonstrates its commitment to materiality as a cornerstone of its responsible and accountable approach to sustainability.

By prioritising materiality, LTF ensures its sustainability efforts address issues of genuine concern to its stakeholders and directly influence business performance. This commitment to focussing on what truly matters, strengthens your Company's position as a responsible and accountable organisation.

Environment Social Governance

No.	Material Topics	Pillars	No.	Material Topics	Pillars
1	Business Ethics	Governance	8	Privacy and Data Security	Social
2	Corporate Governance	Governance	9	Occupational Health and Safety	Social
3	Regulatory Compliance	Governance	10	Providing Transparent and Fair Advice to Stakeholders and Consumer Financial Protection	Social
4	Transparency and Disclosure	Governance	11	Sustainable Finance	Governance
5	Brand Reputation	Governance	12	Maintenance of Credit Ratings	Governance
6	Climate Strategy and Risk	Environment	13	Data Analytics for Early Warning Signals	Governance
7	Return on Equity/Return to Shareholders	Governance	14	Customer Relationship Management	Social

No.	Material Topics	Pillars	No.	Material Topics	Pillars
15	Risk and Crisis Management	Governance	21	Global Economic and Domestic Policy Advocacy	Governance
16	Business Model Resilience	Governance	22	Emissions in Operations	Environment
17	Human Capital Development	Social	23	Local Community Development	Social
18	Financial Inclusion and Enhancing Rural Livelihood	Social	24	Digital Innovation	Governance
19	Human Rights	Social	25	Resource Efficiency	Environment
20	Diversity, Equity and Inclusion	Social			

Rationale for Change:

- Providing Transparent and Fair Advice to Stakeholders and Consumer Financial Protection have been merged as 'Customers' form part of stakeholders and the objective of both these topics is to help foster an ecosystem of trustworthiness among all stakeholder groups and showcasing your Company as a responsible corporate entity.
- Financial Inclusion and Enhancing Rural Livelihood have been merged and the terminology has been revised. LTF has a focus on business expansion in unserved and rural areas, which can contribute to the economic development of the country as a whole. Further, your Company promotes financial inclusion and community development in a holistic manner. The impact on rural livelihood, being a subset of financial inclusion, has been merged.
- Global and Domestic Economy and Policy and Policy Advocacy have been merged and the terminology has been revised. LTF engages in global economic and domestic policy advocacy to contribute to the development and shaping of policies that supports sustainability development and economic growth at national and international levels. Policy Advocacy, being a subset of Global and Domestic Economy and Policy, it has been merged.

Materiality Matrix

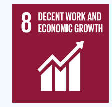
Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Business Ethics	Risk	Adherence to ethical behaviour, such as anti-corruption, anti-money laundering, taxation and accounting, insider trading, anti-competitive practices, and intellectual property issues	Non-adherence to and non-compliance with ethical standards can put financial institutions at risk of legal fines, penalties, damaged reputation, business disruption, and erosion of trust and market capital	- Establishing processes and controls to strengthen LTF's compliance with the Code of Conduct as well as applicable policies, followed by an independent audit - Raising awareness and mandatory regular training to internal stakeholders on ethical business practices - Institutionalising effective whistleblower and grievance redressal mechanisms - Creating a culture of following the highest standards of governance
Corporate Governance	- Risk - Opportunity	Corporate Governance comprises six pillars: Board/ Management Quality and Integrity, Board Structure, Ownership and Shareholder Rights, Remuneration, Audit and Financial Reporting, and Stakeholder Governance	**Risk** Companies that do not have effective corporate governance practices are often prone to fraud and mismanagement Poor corporate governance practices weaken your Company's ability to capitalise business opportunities, thereby resulting in financial losses. This may further lead to a loss of shareholder confidence and trust as well as increased Government/regulatory oversight/sanctions/fines **Opportunity** Strong corporate governance will result in increased stakeholder confidence and trust, higher ESG ratings, and stronger brand equity	**Risk** - Implementing checks and balances to have appropriate controls and oversight responsibilities - Instituting a Board and Committee structure and implementing board effectiveness measures in line with the stakeholders' long-term interests

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Negative implication • Legal fines and penalties • Dissolution of business • Suspension of the license to operate	• Number of cases of corruption/insider trading/whistleblowing • 100% employee coverage in training on various matters related to ethics		Financial Capital, Social and Relationship Capital, Human Capital	8 DECENT WORK AND ECONOMIC GROWTH
	Negative implication **Risk** • Inability to raise capital • Fall in the share price **Positive implication** **Opportunity** • Improved access to capital • Stronger customer base • Help in effective engagement with regulators	• Number of independent members on the Board • KRA for Senior Management linked to corporate governance matters • Appropriate number and structure of committees • Robust controls and processes		Financial Capital, Social and Relationship Capital	8 DECENT WORK AND ECONOMIC GROWTH

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Regulatory Compliance	- **Risk** - **Opportunity**	LTF's adherence to laws, regulations, guidelines, and specifications relevant to its business processes	**Risk** Violations of regulatory compliance often result in sanctions, warnings, fines or penalties **Opportunity** - Legal and regulatory compliance enhances organisational credibility and the potential access to Government subsidies and concessions - Increases trust of stakeholders	**Risk** - Creating a strong ethical organisational culture with a focus on transparency and compliance - Regularly carrying out risk assessments and audits to identify areas of potential exposure to compliance related risks - Compliance training
Transparency and Disclosure	**Opportunity**	Transparency, independence, and effectiveness of the audit and reporting (financial, environmental, and social) practices	Transparency and disclosure help build stakeholder trust, gain investor confidence, and achieve long-term business success	- Instituting a strong communication culture with both internal and external stakeholders - Establishing periodic reporting in line with national and international frameworks/ standards

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Negative implication **Risk** - Fines and penalties **Positive implication** **Opportunity** - Government subsidies and concessions - Access to capital	- Amount of fines and penalties paid - Number of notices and warning letters received from regulatory bodies		Financial Capital	
	Positive implication - Access to capital	- Third-party assurance of publicly disclosed data/ information		Financial Capital, Intellectual Capital, Social and Relationship Capital	

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Brand Reputation	**Opportunity**	Maintenance of a positive brand reputation	Increase in customer loyalty, builds confidence in the market, and helps in better positioning and customer acquisition	- Developing strong systems/ guidelines for conflict management - Adopting a customer-centric approach - Factoring customer feedback in decision-making
Climate Strategy and Risk	- **Risk** - **Opportunity**	Strategy to mitigate climate risks by reducing carbon footprint of the operational and financed portfolio	**Risk** - Loss of physical infrastructure arising from climate change impacts - Higher delinquency of portfolios **Opportunity** - Designing new products and finance solutions that address climate-related impacts - Better credit assessment	**Risk** - Engaging with value chain partners to identify and manage climate-related risks - Installing energy-efficient infrastructure, minimising resource wastage and procuring renewable energy to meet energy demands - Embedding climate risk in the ERM framework

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Increased revenue and market share	- Number of new and repeat customers - Increase in customer base - Level of customer satisfaction		Financial Capital, Intellectual Capital, Social and Relationship Capital	
	Negative implication **Risk** - Loss of physical infrastructure **Positive implication** **Opportunity** - Increase in revenue from new products - Quality portfolios	- Emission reduction - Energy savings – Switching to renewable energy - Scope 3 and financed emissions reduction - Usage of macro-prudential provisions		Natural Capital	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Return on Equity/ Return to Shareholders	**Opportunity**	Financial performance measurement is calculated by dividing the net income by shareholders' equity	ROE reflects a company's profitability, financial health, and business resilience Strong ROE helps a business attract investors, gain greater access to capital, and create value for stakeholders	• Increasing operational efficiency • Exploring new market opportunities/products • Strengthening corporate governance standards
Privacy and Data Security	**Risk**	Covers data governance practices, including how LTF collects, uses, manages, and protects data The issue focusses on measures taken to ensure the safe and secure use and/ or maintenance of customers' personally identifiable data	Lack of adequate and transparent data security and privacy systems can lead to dire economic and reputational losses for financial institutions and a loss of customer confidence	• Implementing sound information security systems and policies to manage sensitive data • Training employees on the privacy policy and information security procedures regarding the appropriate access, use, and disclosure of personal data
Occupational Health and Safety	**Opportunity**	Providing a work environment that promotes better health and well-being (mental and physical) of employees, results in better productivity, and boosts employee morale	Adopting health and well-being measures can lead to improvement in employee productivity. This may lead to lower employee attrition in the long term	• Introducing employee well-being measures and providing healthcare support • Conducting health and safety workshops

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Access to capital - Increase in the share price	- ROE		Financial Capital, Human Capital	8 DECENT WORK AND ECONOMIC GROWTH
	Negative implication - Legal fees in case of customer lawsuits - Fines and penalties - Loss of customers - Monetary loss in case of ransom demands	- Number of cybersecurity incidents - Number of breaches of customer privacy - % of employees who received training on information and data security		Financial Capital, Intellectual Capital, Social and Relationship Capital	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Positive implication - Lower talent acquisition costs	- Employee well-being measures - Absentee rate - Injury rate - Number of training sessions conducted on OHS		Human Capital	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Providing Transparent and Fair Advice to Stakeholders and Financial Protection to Consumers	**Risk**	Product stewardship and transparency	Potential reputational and regulatory risks arising from unethical lending practices or mis-selling financial products to consumers	- Installing procedures and programmes to provide adequate, clear, and transparent information about products and services - Conducting employee training sessions on financial protection and sensitising employees on the consequences of mis-selling financial products to consumers
Sustainable Finance	**Opportunity**	Refers to the process of taking ESG considerations into account when making investment and lending decisions in the financial sector, leading to more long-term value creation	- Offering new financial instruments allows financial institutions to develop new revenue streams and build trust among stakeholders - Alignment with the impact on investors and secure low-cost patient capital	- Integrating ESG aspects and related policies in the credit/ lending decisions across business verticals - Designing sustainability themed financial products
Maintenance of Credit Ratings	**Opportunity**	Credit ratings reflect rating agencies' opinions on LTF's financial strength, operating performance and strategic position	Strong credit ratings repose investor confidence in the financial strength of your Company	- Establishing a strong financial track record and ensuring sound financial health

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Negative implication - Loss of customers - Legal fees in case of customer lawsuits	- Number of new customers acquired - Number of repeat customers - Number of financial literacy awareness sessions conducted - Number of training sessions conducted for employees to sensitise them on the consequences of mis-selling - % of customer- facing employees trained on fair selling practices		Financial Capital, Human Capital, Social and Relationship Capital	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Positive implication - Access to patient capital - Increase in revenue from new financial products	- Sustainability-focussed loans - Number of EVs financed		Financial Capital, Intellectual Capital, Social and Relationship Capital	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY
	Positive implication - Increase in the share price - Access to capital at lower cost	- Maintenance of highest credit ratings received from third-party credit rating agencies		Financial Capital	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Data Analytics for Early Warning Signals	**Opportunity**	Identifying potentially weak credit with a high emphasis on maintaining Zero DPD (Days Past Due)	This helps improve collection efficiency (CE) and ensure fewer NPAs in the credit portfolio	- Adopting analytics-driven monitoring systems at the time of onboarding of customers and to identify weak accounts before they turn into NPAs
Customer Relationship Management	**Risk**	Managing customers, sales and distribution channels, customer satisfaction, and customer protection	Failure to provide services that satisfy customer expectations may result in lengthy and costly litigation, diminished trust with clients, and lower sales	- Understanding customer expectations and needs - Providing transparent information and fair advice to customers in relation to the product
Risk and Crisis Management	**Opportunity**	Identification, analysis, acceptance, and mitigation of regulatory, economic, environmental (including climate), and social risks	Effective risk and crisis management is vital for LTF's long-term financial health	- Promoting a Company-wide effective risk culture - Establishing structural independence of your Company's risk function - Conducting risk specific education and training for the Board of Directors and employees to ensure that they are aware of the latest risk management practices and are equipped to assess, mitigate and report risks
Business Model Resilience	**Risk**	Creating and delivering value for all stakeholders without depleting the natural, economic, and social capital is key to developing a sustainable business model	Inability to absorb losses owing to unforeseen contingencies and sudden external shocks can have dire consequences for the viability of the business	- Implementing sound ESG policies, protocols, and processes to build a sustainable business model that can withstand disturbances

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Fewer NPAs	- Number/% of NPAs		Financial Capital, Intellectual Capital	
	Positive implication - Lower revenue - Costly litigation fee	- % of repeat customers - Number of new customers acquired		Financial Capital, Human Capital	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Positive implication - Quality portfolio - Increased revenue - Access to capital	- Training hours on risk management - Ability to mitigate risk - ERM framework (embedding sustainability risks)		Financial Capital, Intellectual Capital, Human Capital	1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES
	Negative implication - Financial losses - Depletion of reserves	- CRAR - ROE - PAT		Financial Capital, Intellectual Capital	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Human Capital Development	**Opportunity**	Developing human capital to make sure that employees have the necessary skill set needed to perform well and execute the business strategy	Human capital development enables LTF to maintain its competitive advantage and ensures that your Company has the appropriate skill set to execute the business strategy These actions attract and retain talent, motivate employees, improve well-being, enhance productivity and foster business innovation	- Investing in training, upskilling and reskilling the workforce - Conducting regular performance and career development reviews, considering employee expectations and aspirations
Financial Inclusion and Enhancing Rural Livelihood	**Opportunity**	- Ensuring the availability of finance for a population that does not have the access to finances to drive financial inclusion - Bringing the unbanked and underbanked population into the formal economy through financial solutions and community development initiatives	Enable last-mile financial access, increase customer base, and respond to the growing number of socially conscious investors Provide opportunities for growth and strengthen market positioning in underserved markets and customer segments (e.g., rural areas, small businesses, women entrepreneurs, etc.)	- Increasing the rural finance portfolio - Conducting financial literacy sessions for the rural and marginalised sections of society - Expanding financial services to underserved markets, including small business lending - Developing innovative distribution channels and leveraging digital tools to drive last-mile financial access

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Lower talent acquisition costs - Lower operational costs due to improved productivity	- % of employees who received skill upgradation trainings - Average number of training hours per employee - Employee volunteering hours - Employee turnover rate - Number of benefits offered to employees		Human Capital	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Positive implication - Increase in market share from rural business - Increase in revenue	- % of customers from low-income states - Number of rural women receiving loans - % of New-to-Credit customers - Number of community members trained in digital financial literacy by Digital Sakhis		Financial Capital, Human Capital, Social and Relationship Capital	1 NO POVERTY 2 ZERO HUNGER 8 DECENT WORK AND ECONOMIC GROWTH

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Human Rights	- Risk - Opportunity	Focuses on the management of fundamental human rights throughout your Company and its value chain, and compliance with all applicable local laws pertaining to human rights This includes a commitment to the prohibition of child labour, protection of indigenous rights, prohibition of forced and compulsory labour, equal remuneration for men and women, and freedom of association	**Risk** Non-adherence to human rights principles may lead to reputational damage and penalties **Opportunity** Adherence to human rights will result in an improved ability to attract and retain talent and stronger brand equity	**Risk** - Ensuring compliance with international and domestic human rights standards across value chains - Conducting human rights trainings for stakeholders
Diversity, Equity and Inclusion	**Opportunity**	- Promoting diversity, inclusion and equity in your Company, and providing fair and equal remuneration and advancement opportunities to all employees - Ensuring there is no discrimination based on race, ethnicity, caste, color, age, sex, disability, sexual orientation and the socio-economic status of an individual	Ensuring diversity can enhance organisational performance because it brings together people with varying views and perspectives. This, in turn, leads to better talent attraction and retention, increases greater employee engagement and results in higher efficiency. The diversity also results in better innovation and problem-solving skills, and improves talent attraction	- Developing and regularly updating the diversity and inclusion policy and programme - Creating awareness among the internal stakeholders about your Company's policy on diversity and inclusion

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Negative implication **Risk** - Regulatory fines and penalties **Positive implication** **Opportunity** - Reduced access to capital from socially conscious investors - Reduced costs relating to talent acquisition opportunities - Improved access to capital	- % of employees who received training on human rights - Number of value chain partners covered by the Third-Party Code of Conduct		Human Capital	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities
	Positive implication - Improvement in net profits, operational efficiency, and productivity as a result, of a diverse workforce	- % of women in Senior Management positions - % of women in the total workforce - Number of persons with disabilities in the workforce - % of people employed regions - % of women in revenue generating roles		Human Capital	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Global Economic and Domestic Policy Advocacy	**Opportunity**	Communicating with regulators on good governance and economic practices for the efficient conduct of business	Contribution to policy formulation and industry research can help improve market position and increase LTF's competitive advantage Maintaining a continuous dialogue with regulators can strengthen your Company's credibility and market position	- Actively participating and collaborating with industry peers and associations by contributing to discussions, research, and policy development - Regularly engaging with regulatory bodies - Identifying newly implemented regulatory norms and requirements
Emissions in Operations	**Opportunity**	Refers to a company's management of risks related to its own operational energy use and greenhouse gas emissions (Scope 1 and 2). It also includes parts of Scope 3 emissions, such as transport and logistics	Efforts taken by organisations to minimise GHG emissions can aid business preparedness to mitigate risks arising from climate change Access to capital by investors promoting green initiatives	- Regularly monitoring GHG emissions - Taking measures to reduce LTF's carbon footprint
Local Community Development	**Opportunity**	Engagement with local communities (including Indigenous peoples) through community involvement, community development, and/or measures to reduce negative impacts on local communities	Ensuring goodwill with local and indigenous communities through community development initiatives and engagements can validate the organisations' social license to operate	- Conducting need assessments to identify and implement appropriate community development initiatives - Monitoring the potential impact of operations on local communities

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Lower cost of operation with congenial policy reform - Lower fines and penalties	- Number and type of engagements with industry associations and regulators - Compliance with internationally accepted standards and frameworks - Cases of non-compliance - Amount and number of fines and penalties		Financial Capital, Intellectual Capital, Human Capital, Social and Relationship Capital	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Positive implication - Lower exposure to risks arising from climate change	- Reduced carbon footprint - % of renewable energy in the total energy mix - Amount of emissions avoided - Scope 1, 2 and 3 emissions generated		Natural Capital	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
	Positive implication - Increase in revenue share from socially conscious customers	- Number of CSR beneficiaries - Number of villages covered through CSR initiatives - Social Return on Investment of CSR initiatives		Social and Relationship Capital, Human Capital	11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS

Internal External

Material Issue Identified	Indicate whether Risk or Opportunity (R/O)	Explanation	Rationale for Identifying the Risk and Opportunity	In Case of Risk/Opportunity, Approach to Adapt or Mitigate
Digital Innovation	**Opportunity**	Digital technologies have the potential to boost more inclusive and sustainable growth by stimulating innovation, generating efficiencies, and improving services. It is pertinent to see whether LTF leverages digital financial solutions to provide seamless customer services	Leveraging digital financial solutions and products to improve customer experiences, and increase operational footprint and overall productivity	Deploying innovative technologies and tools for enhanced efficiency for seamless customer services
Resource Efficiency	**Opportunity**	Focussing on how efficiently and effectively a company uses natural resources and materials during its operations and business activities	Improve operational efficiency and also, attract environmentally conscious customers and reduce costs	Using energy efficient appliances Implementing water conservation measures Introducing initiatives to minimise paper consumption Implementing waste management measures such as food waste composting, waste segregation, and sewage treatment, among others

	Financial Implication of Risk or Opportunity (Indicate Positive or Negative Implications)	KPI	Boundary	Capital Linkage	SDG Linkage
	Positive implication - Lower operational costs - Improved revenues with a better operational footprint	- % of repayments through digital modes - % of sourcing through digital means - % of digitalisation of processes and controls - % of employees trained on digital tools		Financial Capital, Intellectual Capital, Human Capital	4 QUALITY EDUCATION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Positive implication - Lower operational costs - Increase in revenue share from socially conscious customers	- Reduction in energy consumption - Increase in energy savings - Reduction in water consumption - Waste generation and % of recycling - Reduction in paper consumption		Natural Capital, Financial Capital, Manufacturing Capital	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

LTF's Commitment to Sustainability through Ambitious Targets

Sustainability is the foundation for the long-term success of your Company. Recognising that meaningful progress demands ambitious goals, LTF has established clear, measurable targets across its environmental, social, and governance (ESG) priorities. These targets go beyond aspirational statements, representing a commitment to continuous improvement and building a future where the business thrives alongside the communities and environment it impacts.

This section highlights the extensive scope of organisational sustainability goals. It outlines the key targets and provides a transparent overview of LTF's performance against these targets in FY24. This transparent approach demonstrates accountability to stakeholders and reaffirms LTF's commitment to progress on the most pressing issues.

Performance Targets			
Targets	**Performance FY24**	**Material Topics Covered**	**SDG**
Governance			
Use the PLANET App across the retail business to reduce Scope 3 emissions - Drive digital collections of more than ₹ 450 Cr through the App - Build a robust servicing channel with more than 70% of LTF's servicing through the PLANET App	- ₹ 988 Cr collected through PLANET App - 75% of LTF services are provided through PLANET App	- Digital Innovation - Customer Relationship Management - Resource Efficiency	17 PARTNERSHIPS FOR THE GOALS
Increase the rate of adoption of digital modes of payment among the targeted rural communities in the Digital Sakhi project in FY24 by 10%	21% increase in adoption of digital mode of payments in FY24	- Digital Innovation - Customer Relationship Management - Resource Efficiency - Local Community Development	5 GENDER EQUALITY
Undertake hazard identification and risk assessment	Hazard Identification and Risk assessment carried out at HO, and zonal and small branches	- Business Ethics - Brand reputation - Occupational Health and Safety - Human Rights	3 GOOD HEALTH AND WELL-BEING
Build a framework for engagement with value chain partners on sustainability	Prepared and launched a value chain ESG assessment framework for upstream and downstream value chain partners	- Business Ethics - Regulatory Compliance - Climate strategy and Risk - Global Economic and Domestic Policy Advocacy - Business Model Resilience	17 PARTNERSHIPS FOR THE GOALS

Performance Targets			
Targets	**Performance FY24**	**Material Topics Covered**	**SDG**
		Social	
Increase the number of women borrowers receiving Rural Group Loans and Micro Finance to 70 lakh by FY25	Increased the number of women Micro Finance borrowers to 64,20,042 from 60,09,430 in FY23	- Providing Transparent and Fair Advice to Stakeholders and Consumer Financial Protection - Customer Relationship Management - Financial Inclusion and Enhancing Rural Livelihood - Sustainable Finance - Diversity, Equity and Inclusion	5 GENDER EQUALITY
Achieve 40% contribution of loan book towards rural livelihood financing by FY26	48.6% contribution of loan book towards rural livelihood achieved	- Financial Inclusion and Enhancing Rural Livelihood - Sustainable Finance	10 REDUCED INEQUALITIES
Encourage rural women micro-entrepreneurs to expand their businesses, and maintain a proportion of customers taking repeat Rural Group Loans and Micro Finance at 50% in FY24	Of the total loan disbursed in FY24, 51% of disbursements were to repeat customers	- Providing Transparent and Fair Advice to Stakeholders and Consumer Financial Protection - Customer Relationship Management - Financial Inclusion and Enhancing Rural Livelihood - Sustainable Finance - Diversity, Equity and Inclusion	10 REDUCED INEQUALITIES
Maintain 50% contribution of the Rural Loan book in FY24 from low-income states	51.60% contribution from Rural Loan book from low-income states in FY24	- Financial Inclusion and Enhancing Rural Livelihood - Sustainable Finance - Diversity, Equity and Inclusion	5 GENDER EQUALITY
Increase the community outreach to 7,50,000 members every year till FY25	Community outreach was increased to 12.50 lakh+	- Financial Inclusion and Enhancing Rural Livelihood - Local Community Development	1 NO POVERTY 5 GENDER EQUALITY 17 PARTNERSHIPS FOR THE GOALS

Performance Targets			
Targets	**Performance FY24**	**Material Topics Covered**	**SDG**
Achieve 2x increase in the number of villages covered through CSR activities by FY24 compared to FY21	Covered 1809 villages through CSR activities as compared to the baseline of 565 villages in FY21	Financial Inclusion and Enhancing Rural Livelihood; Local Community Development; Brand Reputation	5 Gender Equality; 10 Reduced Inequalities; 13 Climate Action
Increase employee volunteering hours by 2x in FY24 as compared to FY22	448 hours contributed by employee volunteers leading to 31% increase as compared to 140 hrs in FY22	Brand Reputation; Human Capital Development	4 Quality Education; 10 Reduced Inequalities; 13 Climate Action
Increase the share of women representation to 18% in Senior Management positions by FY26	Women representation of 18% in the Senior Management maintained	Diversity, Equity and Inclusion; Brand Reputation; Human Capital Development	5 Gender Equality; 10 Reduced Inequalities
Increase the share of women representation to 15% in middle and Senior Management positions by FY26	Women representation maintained at 9% in FY24	Diversity, Equity and Inclusion; Brand Reputation; Human Capital Development	5 Gender Equality; 10 Reduced Inequalities
Increase the share of women representation to 8% of the total workforce by FY30	Women representation in the total workforce increased from 4 to 4.6%	Diversity, Equity and Inclusion; Brand Reputation; Human Capital Development	5 Gender Equality; 10 Reduced Inequalities
Achieve an average of 35 hours of training across all employee categories by FY26	Increased the average hours hours of training to 40.55 hrs from 23.98 hrs in FY23	Human Capital Development; Providing Transparent and Fair Advice to Stakeholders and Consumer Financial Protection; Customer Relationship Management	4 Quality Education; 8 Decent Work and Economic Growth
100% of employees to be trained on occupational health and safety	100% of new employees trained on occupational health and safety practices	Human Capital Development; Occupational Health and Safety; Regulatory Compliance	3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 10 Reduced Inequalities

Performance Targets			
Targets	**Performance FY24**	**Material Topics Covered**	**SDG**
100% of employees to be trained on human rights	100% of new employees trained on human rights	Human Capital Development Human Right Regulatory Compliance	3 Good Health and Well-Being 4 Quality Education 5 Gender Equality 10 Reduced Inequalities
Strengthen the Diversity and Inclusion programme, through specialised training on capacity building for women employees	Launched DE&I awareness and sensitisation programme	Diversity, Equity and Inclusion Brand Reputation Human Capital Development	5 Gender Equality
ENIRONMENT			
Use of 50% recycled paper in operations by FY25	Achieved 47% usage of recycled paper in operations	Resource Efficiency Climate Strategy and Risk	12 Responsible Consumption and Production 13 Climate Action
Become carbon neutral by 2035 (Scope1 and 2)	On track to achieve the carbon-neutral target by FY35 (~18% reduction of carbon emissions over FY23)	Resource Efficiency Climate Strategy and Risk	7 Affordable and Clean Energy 13 Climate Action 15 Life on Land
Maintain the water-positive status in FY24	Maintained water positive status with Third-Party Assurance	Resource Efficiency	6 Clean Water and Sanitation
Achieve a 2x increase in EV Financing in FY24, compared to FY23	44,168 EVs financed against the target of 47,000. The achievement is just under the target due to change in norms pertaining to FAME Subsidy	Sustainable Finance Climate Strategy and Risk Return on Equity/Return to Shareholders	11 Sustainable Cities and Communities 13 Climate Action
Create a roadmap to Zero Waste to Landfill	Implemented Zero Recyclable Waste to Landfill Roadmap for head office	Resource Efficiency Climate Strategy and Risk	6 Clean Water and Sanitation 13 Climate Action
Raise sustainability- focussed/ priority sector funding worth ₹ 500 Cr in FY24	₹ 9,444 Cr raised (₹ 100 Cr sustainability-linked loan, ₹ 8,720 Cr priority sector lending and ₹ 624 Cr Social loan)	Sustainable Finance Financial Inclusion and Enhancing Rural livelihood Return on Equity/Return to Shareholders Diversity, Equity and Inclusion Emissions in Operations	8 Decent Work and Economic Growth 10 Reduced Inequalities 13 Climate Action 17 Partnerships for the Goals

Sustainability Targets FY25

Targets	SDG mapping
Long Term Targets	
Achieve/Maintain 40% contribution of loan book towards rural livelihood financing by FY26	10 Reduced Inequalities
Increase the number of women borrowers receiving Rural Group Loans and Micro Finance to 70 Lakh by FY25	5 Gender Equality
Increase the share of women representation to 18% in Senior Management* positions by FY26	5 Gender Equality; 10 Reduced Inequalities
Increase the share of women representation to 15% in Middle** and Senior Management positions by FY26	5 Gender Equality; 10 Reduced Inequalities
Increase the share of women representation to 8% in total workforce by FY30	5 Gender Equality; 10 Reduced Inequalities
Achieve an average of 35 hours of training across all employee categories by FY26	4 Quality Education; 8 Decent Work and Economic Growth
Community outreach to be 7,50,000 members every year till FY25	1 No Poverty; 5 Gender Equality; 17 Partnerships for the Goals
Use of 50% recycled paper in operations by FY25	12 Responsible Consumption and Production; 13 Climate Action
Become carbon neutral by FY35	7 Affordable and Clean Energy; 13 Climate Action
Short Term Targets	
To encourage rural women micro entrepreneurs to expand their business, maintain proportion of customers taking repeat Rural Group Loans and Micro Finance at 50%	5 Gender Equality; 10 Reduced Inequalities
Maintain 50% contribution of rural loan book in FY25 from low-income states	10 Reduced Inequalities
Raise sustainability focussed/priority sector funding worth ₹ 4,000 Cr	8 Decent Work and Economic Growth; 10 Reduced Inequalities; 13 Climate Action; 17 Partnerships for the Goals

Sustainability Targets FY25	
Targets	**SDG mapping**
Deploy & measure Net Promoter Score (NPS) for customer interactions with various touch points	16 Peace, Justice and Strong Institutions
Achieve 3x increase in villages covered through CSR activities by FY28 compared to FY24	5 Gender Equality; 10 Reduced Inequalities; 13 Climate Action
10% increase in adoption of digital mode of payments among target rural communities in the Digital Sakhi project	5 Gender Equality
Inclusion of DE&I sensitization & awareness session for employees	5 Gender Equality; 10 Reduced Inequalities
Undertake Employee Engagement Survey	3 Good Health and Well-Being; 16 Peace, Justice and Strong Institutions
Conduct Business Impact Study for one rural product	17 Partnerships for the Goals
Maintain the water positive status	6 Clean Water and Sanitation
Achieve 50,000 tree plantation	15 Life on Land
Establish a dedicated EV Financing vertical to encourage sustainable product financing and finance over 74,000 EVs	11 Sustainable Cities and Communities; 13 Climate Action
Develop Sustainable Procurement Policy	13 Climate Action; 17 Partnerships for the Goals
Use PLANET App across business to reduce the scope 3 emissions - Driving digital collections of more than ₹ 1,200 Cr through PLANET App - Servicing 2.5 Cr service resolutions through the PLANET App	9 Industry, Innovation and Infrastructure; 13 Climate Action

* Senior Management includes BL and above grade employees
** Middle Management includes OL grade employees
Targets have been aligned to the current product structure, as required

Corporate Governance

L&T Finance Limited (formerly known as L&T Finance Holdings Limited)

L&T Infra Investment Partners Advisory Private Limited (non-lending)	L&T Infra Investment Partners Trustee Private Limited (non-lending)	L&T Financial Consultants Limited (non-lending)

Key Performance Indicators

11
Total No. of Board Members

2
Independent Women Directors

Separate Role
Board Chairman and the Managing Director and Chief Executive Officer

18%
Board Members are Women

33%
Independent Directors are Women

6 out of 7
Committees led by Independent Directors*

11
Total No. of Board Meetings held

~98%
Average Attendance in the Board Meetings

100%
Directors Trained
(Familiarisation Programs)

Policies
Yearly Review by Committees and Board

*The Chairman of the Asset Liability Management Committee is the Managing Director and Chief Executive Officer of the Company in accordance with the regulatory requirements.

Average Tenure of the Board

6.69 years	4.15 years	6.72 years	8.33 years
Board	Managing Director and Chief Executive Officer	Independent Directors	Non-Executive Directors

Average number of Years of Association of Directors

>8 years	4-8 years	2-4 years	<2 years
4	4	1	2

Shareholders

Board of Directors

Oversight- Board Committees

- Audit Committee
- Nomination and Remuneration Committee
- CSR and ESG Committee
- Risk Management Committee
- IT Strategy Committee
- Stakeholders' Relationship and Customer Protection Committee
- Asset Liability Management Committee
- Credit Committee

Management

- Managing Director and Chief Executive Officer
- Group Executive Committee

Management, under the guidance of the Board, is responsible for ensuring delivery of the Company's strategy, business plans and overall performance

The Board Committees have specific terms of reference and they help the Board through recommendations and suggestions to discharge its fiduciary duties. In addition to the committees comprising Board members, in line with its ethos of adoption of highest standards of corporate governance, your Company also has various internal committees. These committees are entrusted with the responsibility of having an oversight on a number of areas like operational risks, IT and data analytics, information security, liquidity and customer service.

Board of Directors

The Board, which is the governing body of your Company, guides, helps set the vision and strategy, and oversees management. Committed to responsible corporate governance practices, it ensures compliance with regulations while fostering stakeholder confidence for the long-term success of your Company.

As on March 31, 2024, the composition of the Board is in accordance with the requirements of the "SEBI Listing Regulations", the "Act" and the RBI regulations.

The Board represents a diverse set of individuals in terms of skills, experience as well as gender. The Directors are prominent experts from diverse backgrounds, each with rich experience. The Board includes seasoned entrepreneurs and professionals from the private and public sectors, with expertise in both banking and non-banking fields.

The Board ensures that your Company has clear goals aligned with its growth, while taking into consideration the interest of the stakeholders in the ecosystem.

The Board monitors and manages the risks faced by your Company through its committees – the Risk Management Committee, the Asset Liability Management Committee and the Audit Committee.

As on March 31, 2024, the Board consisted of eleven directors, including six Independent Directors (two being Women), two Executive Directors, two Non-Executive Directors and one Nominee Director. These Directors represent experience in diverse fields and sectors that, inter alia, include finance, information technology, risk management, ESG, international exposure and policy development. The composition of the Board is an optimal mix of professionalism, knowledge, and experience, enabling it to fulfil its responsibilities and provide effective leadership to your Company.

Independent Directors

The Act and the SEBI Listing Regulations define an 'independent director' and your Company has ensured that it abides by the definitions of an independent director. Based on the disclosures received from all Independent Directors and in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Act and SEBI Listing Regulations and are independent of the Management.

None of the Independent Directors are on the Board of more than three NBFCs [NBFC-Middle Layer ("NBFC-ML") or NBFC-Upper Layer ("NBFC-UL")] at the same time, in line with the RBI Scale Based Regulations.

The Managing Director of your Company does not serve as an Independent Director in any other company.

Appointment/Reappointment of Directors

All appointments/re-appointments are subject to and based on requirements under the various applicable laws.

Any appointment/re-appointment on the Board has a three-tier approval process:

- Evaluation and recommendation of the candidates by the Nomination and Remuneration Committee (NRC)
- Board review and recommendation
- Approval of shareholders/members

The NRC evaluates the candidate on various parameters including age, gender, educational and professional background, experience, skills, etc.

Further, the reappointment of Directors retiring by rotation (as per regulatory requirements) is also subject to the approval of shareholders/members. Also, the continuation of a director (except for the category of directors specified in the SEBI Listing Regulations) is subject to the approval by the shareholders/ members at least once in every five years.

The resignation and removal of Directors (including Independent Directors) is governed by the provisions of Section 168 and 169 of the Act and the SEBI Listing Regulations.

Skill/expertise mapping of LTF Directors

Name	S.N Subrahmanyam	Sudipta Roy	Dinanath Dubhashi	R.Shankar Raman
Designations	Non-Executive Director, Chairman	Managing Director and Chief Executive Officer	Whole-Time Director	Non-Executive Director
Experience	>40 years	>27 years	>33 years	>40 years
Leadership	✓	✓	✓	✓
Industry Knowledge and Experience	✓	✓	✓	✓
Experience in Exposure in Policy Shaping and Industry Advocacy	✓	✓	✓	✓
Understanding of Relevant Laws, Rules, Regulations and Policies	✓	✓	✓	✓
Corporate Governance	✓	✓	✓	✓
Financial Expertise	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓
Global Experience/International Exposure	✓	✓	✓	✓
Information Technology & Cyber Security	✓	✓	✓	✓
Sustainability / ESG Expertise	✓	✓	✓	✓

*Ceased to be Directors post completion of their tenure as Independent Directors w.e.f. April 1, 2024

	Shailesh Haribhakti*	P.V. Bhide*	Thomas Mathew T.	Rajani Gupte	Nishi Vasudeva	R. Seetharaman	Pavninder Singh
	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Nominee Director
	>43 years	>43 years	>43 years	>43years	>42years	>40 years	>26years
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓			✓	✓
	✓	✓	✓			✓	
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓
	✓	✓	✓		✓	✓	✓
	✓		✓	✓	✓	✓	✓
	✓	✓	✓	✓	✓	✓	✓

Succession Planning

To secure long-term strength and steadiness, LTF focuses on succession planning for the management as well as the Board. This helps maintain a strong and resilient team while nurturing a culture of leadership growth. NRC plays a crucial role in consistently reviewing and evaluating your Company's succession plans, ensuring that LTF assesses and selects key leaders and Board Members effectively.

Your Company witnessed a change in the leadership as well as composition of the Board during the year. The seamless manner in which the changes took place highlights the efficacy of the succession planning at the organisational level.

In July 2023, your Company announced the superannuation of Mr. Dinanath Dubhashi, the Managing Director and Chief Executive Officer on April 30, 2024 and appointment of Mr. Sudipta Roy as the Chief Operating Officer, followed by his appointment as the Managing Director and Chief Executive Officer effective January 24, 2024. A thorough search process was undertaken to identify a candidate who would help your Company solidify its position and continue its journey towards becoming a retail Fintech@Scale. Detailed interactions with Mr. Sudipta Roy were undertaken by the Chairman of the Board and NRC, and members of the Board as part of the selection process. Based on the interactions, the candidature of Mr. Sudipta Roy as the Chief Operating Officer and subsequently as the Managing Director and Chief Executive Officer was placed before the NRC for its recommendation and thereafter to the Board for its approval. Both, the NRC and the Board approved the aforesaid appointment unanimously.

Further, a detailed transition plan, as approved by the NRC and the Board, highlighting the manner in which the shift of responsibilities would be conducted, was put in place to ensure smooth transition of leadership.

The key performance indicators (KPIs) set for Mr. Sudipta Roy were same as the KPIs for Mr. Dinanath Dubhashi, which ensured smooth transition and collaborative delivery of performance during FY24.

Two of the Independent Directors completed their 2nd term as Independent Directors on the Board of your Company on March 31, 2024. In light of the aforesaid, much ahead of March 31, 2024, your Company initiated the process of identification of Independent Directors to ensure the optimum mix of Board as per regulatory requirements. As a result of this proactive measure and orderly succession process followed, the Company inducted 2 Independent Directors, much before March 31, 2024. A formal process of identification and evaluation of candidates for the position of Independent Directors was undertaken. Factors such as relevant experience in the industry, skills, expertise, no conflict of interest, number of directorships in other companies, etc., were taken into account. The proposed appointments were discussed by the NRC and thereafter approved by the Board and Members.

Board Committees

The Board has established several Committees, as required by the Act, SEBI Listing Regulations, and RBI regulations. These Committees play a vital role in efficiently managing the Board's time and enhancing overall effectiveness. Each Committee has its own charter, outlining its specific roles and responsibilities, contributing significantly to the Company's compliance and governance through recommendations to the Board.

Pursuant to RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023, the Chief Executive Officer/Managing Director or the Executive Director (ED) is required to head the ALCO. Hence, all the Committees of the Board except the ALCO are chaired and led by an Independent Director.

Audit Committee

The Audit Committee bears the responsibility of supervising the financial reporting process and disclosure of financial information within your Company. The Committee's primary objective is to ensure the accuracy, adequacy, and credibility of financial statements, thereby safeguarding your Company's reputation and credibility in the financial marketplace.

Apart from financial reporting, one of the key responsibilities of the Audit Committee is to recommend the appointment, remuneration, and conditions of appointment for the auditors of your Company.

Additionally, the Audit Committee reviews changes, if any, in the accounting policies and practices, along with the reasons behind them. This review also includes significant accounting entries involving estimates based on the exercise of judgement by management, significant adjustments made in the financial statements due to audit findings, compliance with listing and other legal requirements regarding financial statements, disclosure of any related party transactions, and qualifications in the draft audit report.

The Committee also reviews, with the management, the quarterly and annual financial statements before submission of the same to the Board for approval. This review is critical to ensuring that the financial statements are accurate and complete, and that the Company is meeting its financial objectives

The Independent Chairman of the Audit Committee engages with credit rating agencies annually, independently from the management. These interactions primarily involve discussions on various matters, such as related party transactions, internal financial controls, and significant disclosures made by the management, which can impact credit ratings.

The Committee also reviews and monitors the auditor's independence and performance, as well as the effectiveness of the audit process. This review is critical to ensuring that the auditors are performing their duties in a professional and ethical manner, and that the audit process is effective in detecting and reporting any financial irregularities or fraud.

All the related party transactions (except those exempted under regulations) are approved only by the Independent Directors on the Committee. This is crucial to ensure that all transactions with related parties are conducted at an arms-length basis, and your Company is not engaging in any activities that may be deemed to pose a conflict of interest.

The Committee also scrutinises inter-corporate loans and investments.

The Audit Committee is also responsible for evaluating internal financial controls and risk management systems. This evaluation is critical in ensuring that your Company has appropriate controls in place to manage risks, including but not limited to financial risks, and that these controls effectively mitigate the said risks.

The Committee also reviews the performance of internal auditors, the adequacy of the internal control systems, and the competency of the internal audit function, if any. This review includes the structure of the Internal Audit Department, the staffing, the reporting structure coverage, and the frequency of internal audits. Moreover, it involves discussions with internal auditors on any significant findings and follow-ups thereon. The Internal Audit Department presents an audit plan at the beginning of the year, which is approved by the Audit Committee followed by submission of internal audit reports on a quarterly basis.

The Audit Committee further approves the adoption of the compliance risk assessment framework and the annual compliance test plan. The annual test plan includes theme-based reviews. The test report of the compliance assessment is discussed by the Committee on a quarterly basis with the observations and the corrective action plan, if any, along with the necessary timelines for remediations.

Detailed discussions are conducted on regular intervals on the reports on frauds detected and the progress reports of the earlier fraud cases.

The key stakeholders impacted are investors/shareholders and regulatory bodies.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
R. Seetharaman	Chairman	Independent Director
R. Shankar Raman	Member	Non-Executive Director
Thomas Mathew T.	Member	Independent Director
Nishi Vasudeva	Member	Independent Director

The Audit Committee is chaired by Dr. R. Seetharaman, Independent Director. Dr. R. Seetharaman is a qualified Chartered Accountant with over 40 years of experience in finance/banking.

All the members of the Audit Committee are financially literate and have accounting or financial-related management expertise.

Nomination and Remuneration Committee

Your Company has established a dedicated committee to oversee the appointment, evaluation, and remuneration of Senior Management Personnel (including key managerial personnel). The NRC is responsible for identifying individuals who are qualified to assume leadership roles within your Company, recommending their appointment or removal, and conducting regular evaluations of the Board, Committees, and Directors. Moreover, the NRC has formulated criteria to determine the qualifications, positive attributes, and independence of a Director, and adopted a policy on Directors' appointment and remuneration/ compensation for Directors, Senior Management Personnel ("SMP"), Key Managerial Personnel ("KMP") and other employees.

For the purpose of identifying suitable candidates, the Committee inter alia considers candidates from a wide range of backgrounds, having due regard to diversity, and the time commitments of the candidates.

The NRC ensures that the level and composition of remuneration are reasonable and sufficient to attract and retain high-quality Directors. It also guarantees that the relationship between remuneration and performance is clear. Necessary benchmarking of the remuneration with peers as well as within your Company is also undertaken.

In addition, the NRC has devised a policy on Board diversity to promote a more inclusive and representative leadership team. The NRC is also responsible for formulating the Employee Stock Option Scheme ("ESOS"), deciding the terms and conditions, and administering and supervising ESOS. The NRC determines the criteria for payment of remuneration/compensation to the Directors SMPs/KMPs and employees based on the market study undertaken. The NRC approves the KPIs of the Managing Director and Chief Executive Officer as well as the SMPs at the beginning of the year. This is followed by review by the NRC of achievements against the set KPIs twice a year. Basis the assessment of performance and achievements, the remuneration of the Managing Director and Chief Executive Officer and SMPs is approved by the NRC.

The NRC also identifies and reviews critical issues which have a bearing on your Company's workforce, thus, having an impact on its functioning. During the year, the NRC reviewed the attrition numbers, analysed the root causes for the same and suggested mitigation actions, followed by periodic monitoring of the progress.

Overall, the NRC plays a crucial role in ensuring that your Company's leadership team as well as the Board is well-equipped to meet the organisations' goals and drive success in the long term.

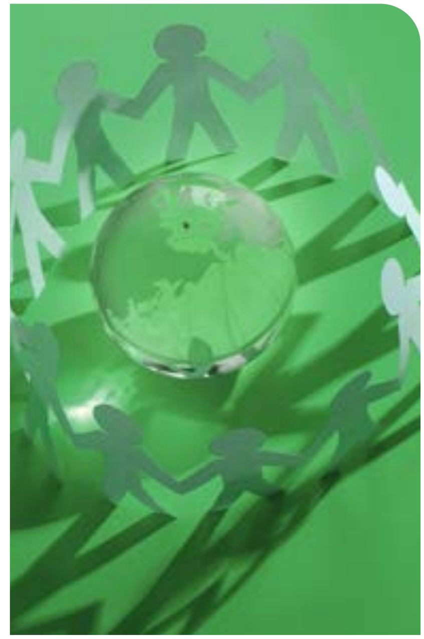
The key stakeholders impacted are employees of the Company.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Thomas Mathew T	Chairman	Independent Director
R. Shankar Raman	Member	Non-Executive Director
Rajani R. Gupte	Member	Independent Director

The Nomination and Remuneration Committee is chaired by Mr. Thomas Mathew T., Independent Director. Mr. Thomas Mathew T. has been the Chairman of the Committee since 2017.

Corporate Social Responsibility and ESG Committee



The role of the Corporate Social Responsibility ("CSR") and ESG Committee is crucial in ensuring that your Company operates in a responsible and sustainable manner. In accordance with Section 135 of the Act, the Board has constituted this Committee to guide and oversee the direction of your Company's CSR and ESG initiatives. One of the key responsibilities of the CSR and ESG Committee is to review the CSR and ESG policies and the progress made in achieving sustainability, CSR and ESG goals.

The Committee formulates/reviews/guidelines/policies with respect to CSR and Sustainability/ESG responsibilities. The Committee also monitors implementation of the action plan adopted. It recommends to the Board the annual action plan and the amount to be spent on CSR activities and also monitors the implementation of the CSR Policy of your Company.

The Committee also reviews and approves the Business Responsibility and Sustainability Report (BRSR) of the Company which is a report of your Company's performance on sustainability.

The key stakeholders impacted include the investors/shareholders, regulatory bodies, communities and community members.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Rajani R. Gupte	Chairperson	Independent Director
Sudipta Roy	Member	Managing Director and Chief Executive Officer
Dinanath Dubhashi	Member	Whole-time Director
R. Seetharaman	Member	Independent Director

The CSR and ESG Committee is chaired by Dr. Rajani R. Gupte, Independent Director. Dr. Rajani R. Gupte has over 43 years of experience in teaching, research and administration, and has extensive experience as an institution-builder. She was the Chairperson of the CSR and ESG Committee of L&T Finance Limited (merged with your Company effective December 4, 2023), the operating entity within L&T Finance, since 2017.

Risk Management Committee

The Risk Management Committee (RMC), plays a crucial role in ensuring effective risk management for your Company. The Committee is responsible for formulating a detailed risk management policy that includes identifying internal and external risks specifically faced by your Company. This includes risks related to financial, market, operational, sectoral, sustainability (including ESG-related and climate change risks), information, cyber security, or any other risk as determined by the RMC. Additionally, the RMC is responsible for formulating measures for risk mitigation and developing a business continuity plan.

The RMC analyses the material risks faced by LTF and discusses risk strategies, both at an aggregate level and by the categorisation of risk. Based on its analysis, the RMC makes recommendations to the Board aligned with the overall risk appetite.

The Committee keeps the Board informed about the nature and content of its discussions, recommendations, and proposed actions.

The Risk Management Committee and the Board are apprised on and it reviews the risk assessment, process of identifying and evaluating risks, major risks as well as the movement within the risk grades, the root cause of risks and their impact, key performance indicators, risk management measures, and the steps being taken to mitigate these risks.

Overall, the role of the RMC is to ensure effective risk governance and risk management practices. The Committee's work ensures that LTF is well-equipped to manage any risks that it may face, thus safeguarding the interests of its stakeholders and enhancing the long-term sustainability.

The key stakeholders impacted are customers, investors/shareholders, and regulatory bodies.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Nishi Vasudeva	Chairperson	Independent Director
Managing Director and Chief Executive Officer (Sudipta Roy)	Member	-
Dinanath Dubhashi	Member	Whole-time Director
R. Shankar Raman	Member	Non-Executive Director
Rajani R. Gupte	Member	Independent Director
Pavninder Singh	Member	Nominee Director
Chief Financial Officer	Member	-
Company Secretary	Member	-
Chief Risk Officer	Member	-

The Risk Management Committee is chaired by Ms. Nishi Vasudeva, Independent Director. Ms. Nishi Vasudeva has over 42 years of experience in various fields including development of corporate strategy, planning and risk management, having led key business transformation and restructuring projects.

Asset Liability Management Committee

Tasked with overseeing market risk, ALCO ensures strict adherence to the asset liability management policy and reporting systems set by the Board. Additionally, it monitors compliance with RBI guidelines, safeguarding the financial practices of LTF. Beyond regulatory compliance, ALCO conducts a comprehensive review of business strategy, aligning it with budgetary considerations and predetermined risk management objectives.

In the dynamic landscape of financial markets, ALCO remains vigilant, assessing the impact of market conditions on the balance sheet. It provides insightful recommendations and actions to navigate within the internal risk limits effectively. Furthermore, ALCO shoulders the responsibility of balance sheet planning from a risk-return perspective, strategically managing both interest rate and liquidity risks. This multifaceted approach ensures a robust and resilient financial strategy that aligns with LTF objectives and regulatory standards.

ALCO oversees the implementation of liquidity risk management strategy of the Company and ensures adherence to the risk tolerance limits set by the Board.

The key stakeholders impacted are investors/shareholders and regulatory bodies.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Managing Director and Chief Executive Officer (Sudipta Roy)	Chairman	-
Dinanath Dubhashi	Member	Whole-time Director
R. Govindan	Member	Representative of L&T
Chief Financial Officer	Member	-
Chief Risk Officer	Member	-
Chief Economist	Member	-
Chief Executives of respective businesses	Member	-
Treasurer	Member	-

The Asset Liability Management Committee is chaired by the Managing Director and Chief Executive Officer, as required by the RBI regulations.

IT Strategy Committee

In today's fast-paced digital landscape, your Company prioritises digital transformation to enhance efficiency, innovation, and customer experience. Embracing cutting-edge technologies is not just a choice but a necessity for staying competitive and future-ready.

The IT Strategy Committee ("ITSC") plays an important role in aligning IT investments with organisational strategic objectives. It approves and ensures effective implementation of IT strategy and policy documents. The Committee focusses on establishing a robust strategic planning process, guaranteeing that the IT setup contributes substantial value to the business.

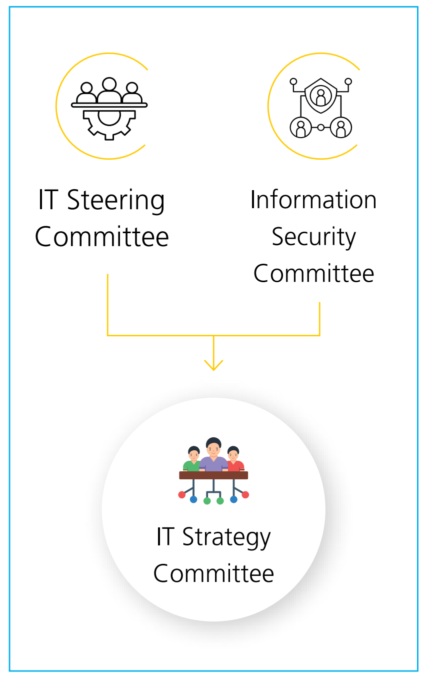
The ITSC satisfies itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well-defined objectives and unambiguous responsibilities for each level in the organisation.

ITSC monitors the methodology for determining IT resource needs, providing high-level direction for resource sourcing and utilisation. Maintaining a balanced approach to IT investments for sustained growth, the ITSC remains vigilant regarding IT risks and controls. Crucially, it establishes governance mechanisms and risk management processes for all outsourced IT operations. This comprehensive oversight ensures IT strategic alignment, risk mitigation, and sustained business growth. The ITSC also reviews the controls put in place to handle cyber security frauds and risks.

The key stakeholders impacted are customers and regulatory bodies.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Thomas Mathew T.	Chairman	Independent Director
Managing Director and Chief Executive Officer	Member	-
Dinanath Dubhashi	Member	Whole-time Director
Nishi Vasudeva	Member	Independent Director
Chief Information Officer (Chief Digital Officer)	Member	-
Chief Technology Officer	Member	-
Chief Risk Officer	Member	-
Chief Information Security Officer	Member	-
Chief Financial Officer	Member	-



The IT Strategy Committee is chaired by Mr. Thomas Mathew T., Independent Director. Mr. Thomas Mathew T. has over 43 years of experience in the life insurance sector, and has expertise in handling information technology function.

The ITSC has further constituted the IT Steering Committee with representation at the Senior Management from IT and business functions. The IT Steering Committee inter alia assists the ITSC in strategic IT planning, oversight of IT performance, and aligning IT activities with business needs, ensuring implementation of a robust IT architecture that meets statutory and regulatory compliance.

An Information Security Committee ("ISC") is constituted under the oversight of the ITSC, for managing cyber/information security. The ISC inter alia assists the ITSC in approving and monitoring security projects, planning and monitoring awareness initiatives, reviewing cyber incidents and vulnerabilities, and monitoring of risk and its mitigation. The constitution of the ISC includes the Chief Information Security Officer and other representatives from business and IT functions, as decided by ISC.

The ITSC and the Managing Director and Chief Executive Officer are periodically updated on the activities of the IT Steering Committee and the ISC.

Stakeholders' Relationship and Customer Protection Committee

The Stakeholders' Relationship and Customer Protection Committee ("SRCPC") is instrumental in safeguarding security holders and customer interests at LTF. It meticulously reviews cases of shares, debentures, and securities transfer/ transmission, ensuring adherence to robust legal and regulatory principles. Addressing stakeholders' complaints is a top priority for SRCPC, covering issues like share transfers, balance sheet non-receipts, declared dividends, and interest payments.

The SRCPC ensures prompt and proper resolution of concerns by security holders and customers.

Moreover, the SRCPC reviews measures taken for effective exercise of voting rights by the shareholders' and upholds adherence to service standards set by the Registrar and Share Transfer Agents. It scrutinises measures to minimise unclaimed dividends, ensuring shareholders receive timely dividend warrants,

annual reports, and statutory notices. In essence, the SRCPC commits to transparent and responsible operations, guaranteeing your Company's stakeholder and customer-centric approach.

Apart from safeguarding the interest of the security holders, in order to strengthen the Internal Grievance Redressal Mechanism and to ensure a proper and speedy resolution of customer (one of the stakeholders' of the Company) complaints, the SRCPC also reviews on a quarterly basis the updates on initiatives taken for speedy customer grievance redressal, activities of Internal Ombudsman ("IO"), the cases rejected by IO. It has also approved the SOP for handling customer service and customer protection.

The IO is a permanent invitee to the meetings of SRCPC and furnishes periodic reports.

The key stakeholders impacted are customers, investors/shareholders, and regulatory bodies.

Composition:

Name of the Committee Members	Designation in the Committee	Nature of Directorship
Rajani R. Gupte	Chairperson	Independent Director
Sudipta Roy	Member	Managing Director and Chief Executive Officer
Dinanath Dubhashi	Member	Whole-time Director
R. Seetharaman	Member	Independent Director

The Stakeholder Relationship Committee is chaired by Dr. Rajani R. Gupte, Independent Director. Dr. Gupte has an extensive experience as an institution-builder and has dealt with various stakeholders in course of her experience of >43 years.

Note: The Committee Membership details are as on the date of the Board's Report.

Best Secretarial Practices

1. An Action Taken Report on the key decisions taken/ suggestions made at the Board and Committee Meetings is recorded with details of owner identified, and the updates thereof are placed and discussed at the subsequent meetings for review until the actionable points are closed;

2. In addition to the Annual Secretarial Audit mandate, your Company conducts an audit of the secretarial function on a quarterly basis from a party who is different and independent of the Secretarial Auditor. The findings of the report are placed before the Managing Director and Chief Executive Officer;

3. A voluntary Board approved Investor Grievance Redressal Policy has been put in place, ensuring that there are adequate mechanisms to address the grievances of the investors;

4. All ESG policies are reviewed and approved by the Board post recommendation of the CSR and ESG Committee;

5. Proactive measures are taken to reduce the physical shareholding in your Company in light of the importance given to dematerialisation, even by the regulatory authorities;

6. The ambit of the Stakeholders' Relationship Committee was widened to include customer protection with majority Directors being Independent, which is over and above the regulatory requirements;

7. Independence in the Committees is ensured by having more than mandated Independent Directors in most of the Committees;

8. Dedicated discussions on fraud undertaken by the Audit Committee on a regular interval, highlighting the importance given to fraud prevention monitoring mechanisms;

9. Adoption of disclosure documents for raising of funds through the issuance of Non-Convertible Debentures in accordance with the regulatory requirements prior to the date mandated under law.

Board Diversity

LTF Board has members with rich, diverse experience across varied fields, who bring their invaluable expertise, knowledge and experience to the table.

Particulars	Age			Total
FY24	<30 years	30-50 years	>50 years	
Male	-	1	8	9
Female	-	0	2	2
Total	-	1	10	11

Particulars	Independence		Total
	Independent	Non-Independent	
Male	4	5	9
Female	2	-	2
Total	6	5	11

Please refer to the section 'Policy Compendium' to access the Board Diversity Policy.

Board Effectiveness and Performance

In the everchanging and dynamic environment, your Company's Board plays an important role in helping it move forward amid rising complexity, innovation and periodic crises, while remaining true to its purpose, values and vision.

Knowing that the business, operating environments and stakeholder priorities will continually change in subtle or seismic ways, the Board helps to steer the Company in the right direction. The Board executes this critical responsibility by adopting proven approaches to drive, measure and achieve its own effectiveness to better oversee the Company's strategic success and drive long-term value.

There are 3 major pillars that contribute towards the effectiveness of the Board:

1 The first pillar is people. Your Company builds on the quality, focus and dedication of the Board

Having limited knowledge affects the ability to perform functions effectively. To overcome this problem, your Company has established performance and knowledge standards for individual directors, familiarising the Board Members with the business and conducting evaluation along those standards. The quality of the Board is enhanced by diversity in terms of industry and professional background, as well as diversity of gender, personality and opinion.

2 Information architecture is the basis of the second pillar of effectiveness

LTF believes that information is best when it is designed in a way that informs the Board about all the essential activities undertaken by your Company. This enables effective

discussion in the Board room, leading to meaningful outcomes.

In terms of information design, the following parameters, inter alia amongst others are considered to determine the efficacy of the information: conciseness, focus, priority accorded, details of key issues, etc.

While the aforementioned information is important, it is also important that the information architecture includes even external information (what can be sourced from outside your Company, such as from social media and peers) and also trough formal and informal sources. This provides the Board with the holistic picture of an issue.

Your Company's Board is provided with regular newsletters which includes highlights on macro-economic overview, takeaways for the NBFC sector from RBI reports, specific sectoral briefs (near-term and medium-term outlooks), regulatory updates, L&T Finance in media and key ESG, CSR and sustainability highlights and the views of analysts. Also, periodic meetings are held with the management to understand the business plans. All these initiatives ensure that the Board Members are always connected to your Company and thus contribute effectively towards the growth and success of your Company.

3 Structures and processes constitute the third pillar

Structures are evolving greatly as governance becomes more sophisticated. As mentioned previously, diversity of opinion, experience, personality and genre greatly impact effectiveness. The independence of Board members is also crucial. But so is their structured access to the right individuals.

Critical roles like Internal Auditor, Chief Compliance Officer and Chief Risk Officer report directly to the Audit/Risk Management Committee, thereby strengthening the independent functioning of these important teams.

In terms of processes, there are many of them beyond the straight running of the Board which are considered important by LTF, which include evaluation processes, the strategy process, the risk process, the Board education process, the Chief Executive Officer's and key managers' succession processes, and the regulatory process, among others.

Interactions between Board and Senior Management are an important aspect of this pillar. The Board meetings of your Company are conducted with the Senior Management being invitees to the meetings. This enables effective communication between the Board and your Company's management, leading to overall enhancement of the Board's performance.

Board Learning and Development

Your Company offers directors training opportunities pertaining to its business during both the onboarding phase and at regular intervals. Newly appointed Directors receive informative sessions from Senior Management upon joining, wherein one-on-one meetings are undertaken with each member of the Senior Leadership team. These briefings cover their roles, legal duties as Board/Committee members, the organisational financial status, governance structures, business plans, the history of your Company, policies, processes and controls, aspirations and goals of your Company, and other relevant details.

The details of the training programmes attended by the Board members in FY24 is mentioned on the link: https://www.ltfs.com/investors

During FY24, 100% of the Board Members have undergone dedicated training on ESG and Information Security, the emerging topics in the current scenario.

The Board annually convenes a dedicated meeting to discuss your Company's strategy and budget. The Board members also engage in meetings to exchange perspectives, allowing the management of your Company to benefit from their experience and enhance Company operations.

Furthermore, the Directors gain insights into Company operations through branch visits, understanding the ground realities first-hand.

Encouraging regular interactions between Directors and the Senior Management throughout the year, both formal and informal meetings contribute to enhancing Board effectiveness. LTF ensures Directors receive accurate and concise information, facilitated by the Company Secretary. In compliance with regulatory timelines, agenda notes with comprehensive business updates are shared in advance. These meetings foster meaningful conversations covering various aspects of the Company, including social, governance, audit, and business matters.

Performance Evaluation

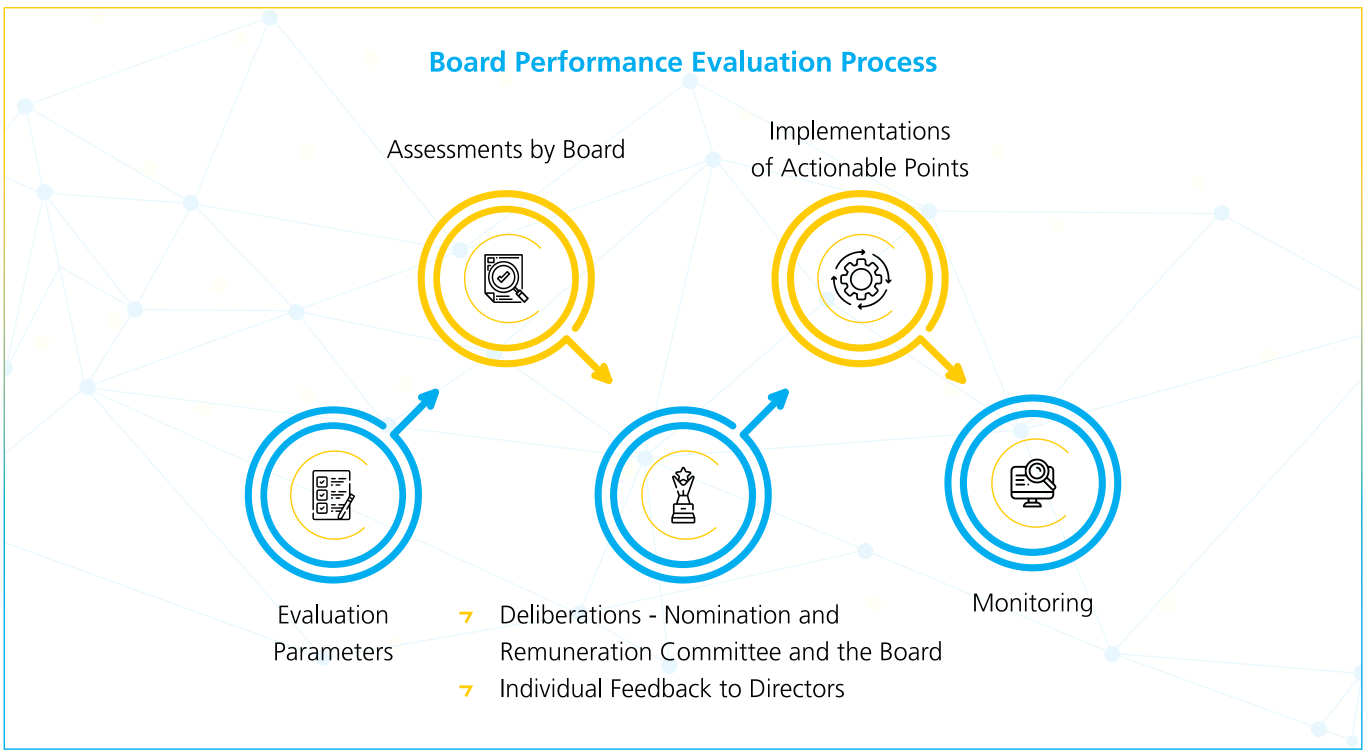
Your Company acknowledges the importance of ensuring continuous improvement in the effectiveness of the functioning of the Board and Committees to support business operations and enhance corporate synergies. It carries out annual evaluations of the Board, its committees, and each Director individually.

LTF conducts an annual assessment of the Board and its Committees. The evaluation process includes a questionnaire aligned with the guidelines of SEBI and the Institute of Company Secretaries of India, along with industry and international best practices.

The questionnaires, including changes thereof, are duly approved by the Nomination and Remuneration Committee. During the year under review, the NRC approved the revision to the questionnaires of your Company by broadening the scope of the ESG related aspects in the Board/Committee evaluation questionnaires The results of these assessments are presented and extensively discussed during both, Board and NRC meetings, with feedback actively addressed.

During the year under review, the aforesaid annual performance evaluation was conducted through an independent external service provider's platform. The results of the evaluation were sent to the Chairman of the NRC, after which necessary feedback was provided to the NRC/ Board. In accordance with the policy, individual feedbacks to the Independent/ Non-Executive Directors is provided by the Chairman of the Nomination and Remuneration Committee / Board Chairman. This process ensured that the evaluation was carried out in a confidential manner and independent feedback was obtained on the performance.

The performance evaluation is in line with the policy for performance evaluation of the Board/its Committees/Directors.



Ethics

Your Company practices a culture that is built on core values and ethical governance practices. Your Company is committed to integrity and transparency in all its dealings and places high emphasis on business ethics. The Board and the Committees of your Company exercise its fiduciary responsibilities in the widest sense of the term and endeavour to enhance long-term shareholder value. The governance framework is anchored by the clearly defined policies, procedures and covering areas such as anti-bribery and anti-corruption, Prevention of Sexual Harassment at Workplace and Whistle Blower Policy.

Key Policies that Guide our Ethical Behavior

Code of conduct

LTF has adopted a comprehensive Code of Conduct ("CoC") applicable to all employees, including Executive Directors. The CoC encompasses diverse areas like fair employment, anti-corruption, and confidentiality. It specifically guides employees on avoiding conflicts of interest in professional engagements, personal relationships, and your Company's asset use. Employees acknowledge the CoC at regular intervals alongwith receiving dedicated training. The CoC Committee addresses reported breaches, ensuring a transparent and ethical workplace.

No reported breaches or fines related to anti-competitive practices occurred during the reporting period.

No conflicts or penalties were reported during the fiscal year.

Prevention, Prohibition and Redressal of Sexual Harassment at Workplace (POSH)

LTF is dedicated to providing a secure workplace, maintaining zero tolerance for harassment. The policy addresses the prevention, prohibition, and redressal of workplace harassment, aligning with the Sexual Harassment of Women at Workplace Act, 2013. An Internal Committee, which also has an external independent member, is in place for registering complaints, ensuring a reporting system for protection and dignity at work. In FY24, one complaint was received, upheld and resolved, affirming your Company's commitment to a harassment-free environment.

All employees (permanent, contractual, temporary and trainees) are covered under this policy. The policy has been widely communicated internally and is placed on your Company's intranet portal. Your Company ensures that no employee is disadvantaged by way of gender discrimination. To ensure that all the employees are sensitised regarding issues of sexual harassment, your Company conducts an online Induction Training through the learning platform Gurukul, in addition to the mandatory annual training.

Vigil Mechanism

LTF has a well-defined Vigil Mechanism Framework encouraging Directors, employees, and service providers to report any misconduct without fear of retaliation. This framework establishes a redressal forum for addressing concerns about questionable practices. Stakeholders, including directors, employees, and service providers, can raise actual or suspected violations through this policy. Reports can be submitted via email or post for a perceived unethical action or an act of whistleblowing, ensuring protection against unfair practices. The Whistleblower Investigation Committee and the Framework guarantee the whistleblower's anonymity and safeguard against adverse actions.

Process of Addressing and Resolving the Reported Incident:

The Chairman of the Audit Committee has direct access to all complaints raised, which enhances the robustness and independence of the function and the framework.

Anti-Corruption Policy

The Anti-Corruption Policy, accessible on the LTF website, sets standards for employee conduct with the Government and others in the business. It guides to recognise and avoid activities breaching anti-bribery laws. Applicable to all employees, Directors, and officers, it extends to external parties acting on the behalf of LTF too. The policy defines bribery, allowing charitable donations but strictly regulating political contributions. Violations incur fines. Expenses adhere to the adopted policy, preventing any financial fraud. Proactive measures, including a Risk Containment Unit, mitigate corruption and fraud risks.

Policy on Internal Corporate Governance

The Policy provides the governance structure, the Code of Conduct and fit and proper requirements for the Board. It further provides parameters for disclosure and transparency to be adhered to by your Company. Lastly, it provides items to be reviewed/placed/ approved by various Committees.

Compliance Policy

The Compliance Policy put in place provides the structure and role of the Compliance function, roles and responsibilities of the Chief Compliance Officer, the Senior Management and the Board. It also provides processes for identifying, assessing, monitoring, managing, and reporting on Compliance Risks.

In line with the regulatory requirements, requiring NBFCs to carry out a comprehensive review of the existing internal compliance tracking and monitoring processes by leveraging technology and implementing comprehensive, integrated, enterprise-wide and workflow-based solutions/tools to enhance the effectiveness of this function, your Company has deployed the 'Compliance Insights' (compliance tool), for identifying, assessing, monitoring and managing compliance requirements.

Securities Dealing Code

The Securities Dealing Code helps develop an understanding of the law relating to prohibition of insider trading and to reiterate your Company's policy and code for dealing in its securities. The Code lays down the structure to be followed when dealing in the charges of your Company and handling unpublished price sensitive information.

Policy on Related Party Transactions

Your Company's Policy on Related Party Transactions is intended to ensure that proper reporting, approval, and disclosure processes are in place for all related party transactions. It ensures that all related-party transactions are carried out as per arm's length parameters and adequate information is provided to shareholders, thereby bringing transparency. This policy ensures that no undue benefit is given to any related parties and the principles of no conflict of interest are adhered to.

Third-Party Code of Conduct

LTF enforces a Third-Party Code of Conduct, applicable to vendors, borrowers, and others in business ties. The Code sets standards for responsible business, environmental stewardship, and social sustainability throughout LTF's value chain. Third parties must comply with the Code and the Code prohibits actions violating applicable laws. LTF actively promotes awareness among the partners, assessing >75% vendor partners in FY24 on ESG practices. Please refer to the section 'Policy Compendium' to access the Third-Party Code of Conduct.

Tax Strategy

LTF is dedicated to adhering to tax laws in its operational geographies. Ensuring timely statutory tax compliance, LTF makes necessary disclosures. It may legitimately leverage tax incentives. Your Company has effective systems to identify and report taxation risks, seeking updates and providing training. LTF operates in India, aligning tax reports with local laws. Compliance is crucial for uninterrupted operations, and your Company remains committed to its tax responsibilities.

ESG Governance

LTF was among the first NBFCs in India to expand the scope of its CSR Committee to include ESG in FY22. It has a robust framework for ESG governance and monitoring, starting at the highest level, the Board.

Dr. Rajani R. Gupte, Independent Director and Chairperson of the CSR and ESG Committee, holds significant expertise in sustainability and ESG.

The CSR and ESG Committee is responsible for reviewing and overseeing implementation of the ESG Policy. The summary of L&T Finance's ESG Governance Process is as follows:

Board Level CSR and ESG Committee

Oversees ESG Policy Implementation

LTF Sustainability Team

Responsible for Implementation of the ESG Policy

Responsible for Communicating the Results to the Board

LTF Business Team

- Developing an ESG Strategy for your Company
- Responsible for consideration of ESG aspects in lending processes
- Responsible for the monitoring of ESG performance of portfolio
- Accountable for data collection and management interactions (where applicable) to further enhance the portfolio's ESG performance
- Responsible for communicating the results to the Committee/ Board
- Responsible for taking actions with the help of stakeholders to mitigate climate risks

LTF Function Heads

- Responsible for implementation of function-specific ESG policies, programmes and practices
- Responsible for monitoring ESG KPIs against predefined criteria
- Responsible for identifying opportunities to improve ESG performance
- Responsible for communicating the results to the ESG Policy Team

Key actions on part of the Committee/Board include approving the ESG vision, goals, and strategy, quarterly discussions on ESG performance, regular updates on climatic scenarios, and incorporating ESG considerations in Board evaluations.

ESG-related KPIs are integrated into Senior Management KPIs, with the Managing Director and Chief Executive Officer's compensation including ESG parameters as KRA.

The NRC ensures the Managing Director and Chief Executive Officer's compensation aligns with long-term performance goals. Throughout the year, your Company adhered to all applicable environmental and social regulations.

ESG Risk Management

In today's uncertain world marked by economic shifts, regulations, and a focus on digitisation, the financial sector must commit to integrating ESG factors into their business models. In India, there's a rising emphasis on non-financial and ESG reporting. As a leading NBFC, LTF swiftly embraced ESG as a foundational element for sustained profits, considering it a strategic priority in its four-year strategic plan.

Recognising the financial sector's need to transition into a low-carbon economy, LTF sees ESG not only as a responsibility but also as an opportunity. LTF has integrated ESG comprehensively, in its operations and businesses, demonstrating a firm commitment to agility, flexibility, innovation, and impact. Sustainability is ingrained in LTF's business philosophy, influencing decisions and aiming to create positive effects on society, the environment, and stakeholders.

Robust ESG Policy Framework

- ESG Policy
- Health and Safety Policy
- Diversity, Equity and Inclusion Policy
- Human Rights Policy
- Data Privacy Policy
- Environment Policy
- Grievance Redressal Policy
- Vigil Mechanism Framework
- Policy on Appointment/ Remuneration/ Compensation for Director, Senior Management Personnel, KMP and Others
- E-Waste Policy
- Anti-Corruption Policy
- CSR Policy
- Investor Grievance Redressal Policy
- Fair Practice Code
- Business Continuity Policy
- Policy for KYC norms/ AML Standards/ CFT
- Information Technology Policy
- Enterprise Risk Management Policy
- Protection Policy
- Policy on Planning and Raising of Resources
- Risk based Internal Audit policy
- Information System Audit Framework

Value Chain Governance

Your Company's governance principles stem from a legacy of predictability and sustainability, inheriting values from Larsen and Toubro Limited. LTF prioritises ethical conduct, environmental responsibility, and social practices, aligning with high governance standards. Committed to stakeholders, LTF emphasises responsible business, environmental stewardship, and sustainable social practices.

For Value Chain governance, your Company's Third-Party Code of Conduct emphasises compliance with laws, prevention of conflicts of interest, responsible gifting, and a zero-tolerance policy for bribery and corruption. The scope includes vendors, borrowers, and those in business relationships with your Company.

Value Chain Partners must adhere to antitrust laws, ensure data protection, and have business continuity plans. LTF showcases strong commitment towards environmental responsibility, urging Third Parties to comply with environmental laws, track greenhouse gas emissions, and implement waste reduction initiatives.

LTF promotes amongst its value chain, fair employment practices, including fair wages, no forced or child labour, and a safe working environment. Value chain partners are encouraged to adopt sustainable sourcing practices and work with marginalised groups. The value chain partners are urged to monitor and rectify any non-compliance promptly. One of the consequences of serious breaches is termination of the relationship, highlighting your Company's zero tolerance towards breaches of principles enshrined in the code.

Policy Advocacy and Industry Association

LTF emphasises responsible engagement in public policy matters and collaboration with associations. This involves transparently advocating for sustainable regulations, working with industry groups to address shared challenges, and ensuring ethical conduct. LTF communicates openly, is accountable for its actions, and engages stakeholders for diverse perspectives, aligning its advocacy efforts with the corporate values.

Affiliations of LTF during FY24 with trade and associations are enlisted as follows:

Name of the Trade and Industry Chambers/Associations	Reach of Trade and Industry Chambers/ Associations (State/National)
NBFC Committee, FICCI	National
Confederation of Indian Industry	National
Academic Advisory Council of Reserve Bank of India	National
Lead Economist Group of NITI Aayog	National
Editorial Advisory Board for Bank Quest Journal of Indian Institute of Banking and Finance	National
CII WR Sub-Committee on Corporate Governance	State

Your Company has made several representations to various authorities on the practical challenges faced in implementation of the regulatory requirements. As a proactive measure, your Company provides various suggestions/proposals along with the necessary rationale to the regulators on various consultation papers floated from time to time, prior to them becoming effective in the form of a statute.

An update on the representations made to the regulatory authorities is also placed before the Board, along with other regulatory changes that currently impact/would impact your Company, along with a necessary synopsis.

L&T Finance

FINANCIAL CAPITAL

Alignment to UNSDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Alignment to Material Issues

- Return on Equity/Return to Shareholders
- Maintenance of Credit Ratings
- Sustainable Finance

Key Performance Indicators

94%
Retailisation

₹ 54,267 Cr
Total Retail Disbursements

₹ 80,036 Cr
Retail Book

₹ 2,320 Cr
Highest-Ever Annual PAT

3.15%
GS3

0.79%
NS3

2.32%
Return on Assets (ROA)

10.35%
Return on Equity (ROE)

3.35
Debt-Equity Ratio (Average)

₹ 9,444 Cr
Sustainability-Focussed/ Priority Sector Loans

₹ 94.17

Book Value per Share

22.84%

Capital to Risk (Weighted) Assets Ratio (CRAR)

Driven by efficient financial resource management and well-planned execution throughout the year, LTF has established an impressive blend of sustainable growth and profitability. Shifting beyond basic credit solutions, your Company focusses on addressing diverse financial needs with retail finance offerings. In FY24, LTF surpassed its Lakshya 2026 KPI targets by achieving them two years before time.

A predictable approach was taken to construct a stable, long-term, and diversified liability profile aligning with strategic objectives. This complimented the business model, reaching millions of underserved borrowers in rural India, including women, and ensuring expected returns for stakeholders.

Your Company's strong performance, marked by high growth and profitability, has resulted in a strong and well-provided balance sheet enhancing its sustainable and profitable financial position. LTF has progressively utilised the priority sector lending mandate to facilitate social equity. In FY24, PSL loans of 20% were secured by your Company.

Financial Performance

LTF's Lakshya 2026 goals achieved two years in advance is a testament to the resilience of your Company's business model. Your Company has achieved a retailisation of 94% on the overall portfolio. Since FY19, LTF has maintained a credit rating of 'AAA', exhibiting sustained improvement in credit parameters across its businesses. The consolidated GS3 was reduced by 159 bps Y-o-Y to 3.15%. Your Company is capitalised with a CRAR of 22.84%. Moreover, it presents a strong and well-provided balance sheet with consolidated PCR at 76% and has built macro prudential buffers. Notably, it attained its peak NIIM + Fees of ₹ 8,724 Cr in FY24. The consolidated Profit after Tax ("PAT") exhibited a remarkable surge of 43% Y-o-Y, reaching ₹ 2,320 Cr in the same fiscal year, making it the highest-ever annual PAT. The debt-to-equity ratio for FY24 was 3.35, compared to 3.97 in FY23.

LTF is establishing the entire retail customer spectrum in the Rural and Urban eco space, targeting individuals and businesses. Your Company achieved an active customer base of 2.3 Cr+.

Optimising Returns to Investors and Shareholders

LTF continuously meets investor and shareholder expectations through responsible decisions and governance, prioritising integrity and transparency. Your Company increased shareholders value by focussing on revenue growth and prudent financial management. Transparent disclosures and regular communication channels, such as quarterly calls and analyst meets, underline its commitment to fulfilling investors' and shareholders' expectations.

Towards this, and on its journey to be a Fintech@Scale, your Company has adopted the 5-Pillar execution strategy as detailed under the Management Discussion and Analysis section. These pillars have served as fulcrum for the financial achievements of your Company.

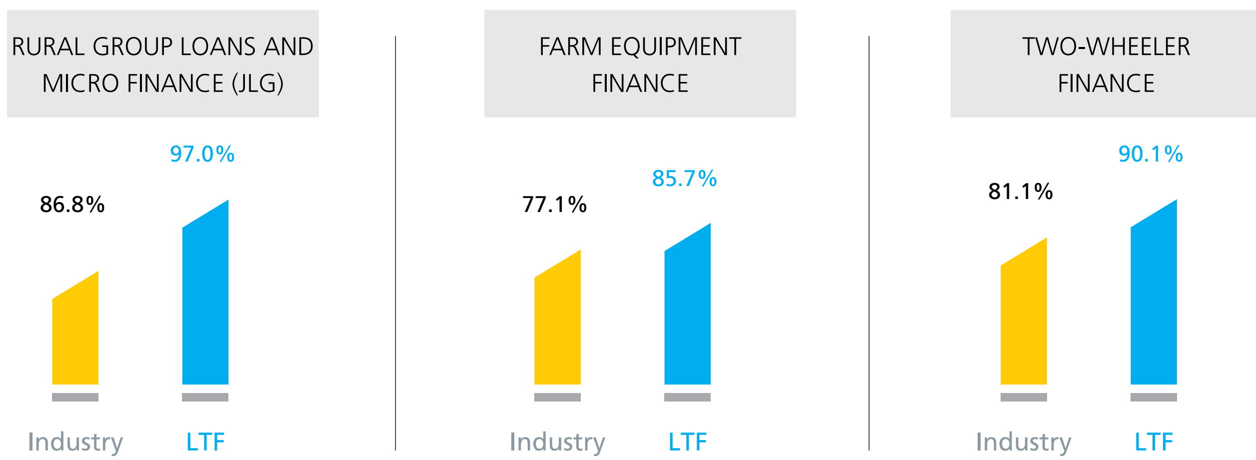
Impeccable Asset Quality

LTF carried retail macro prudential provisions in addition to GS3 provisions and Expected Credit Loss (ECL) on standard assets.

0.62% of the Retail Net Stage 3 for a company which operates in 50% of the rural retail market highlights its impeccable retail asset quality.

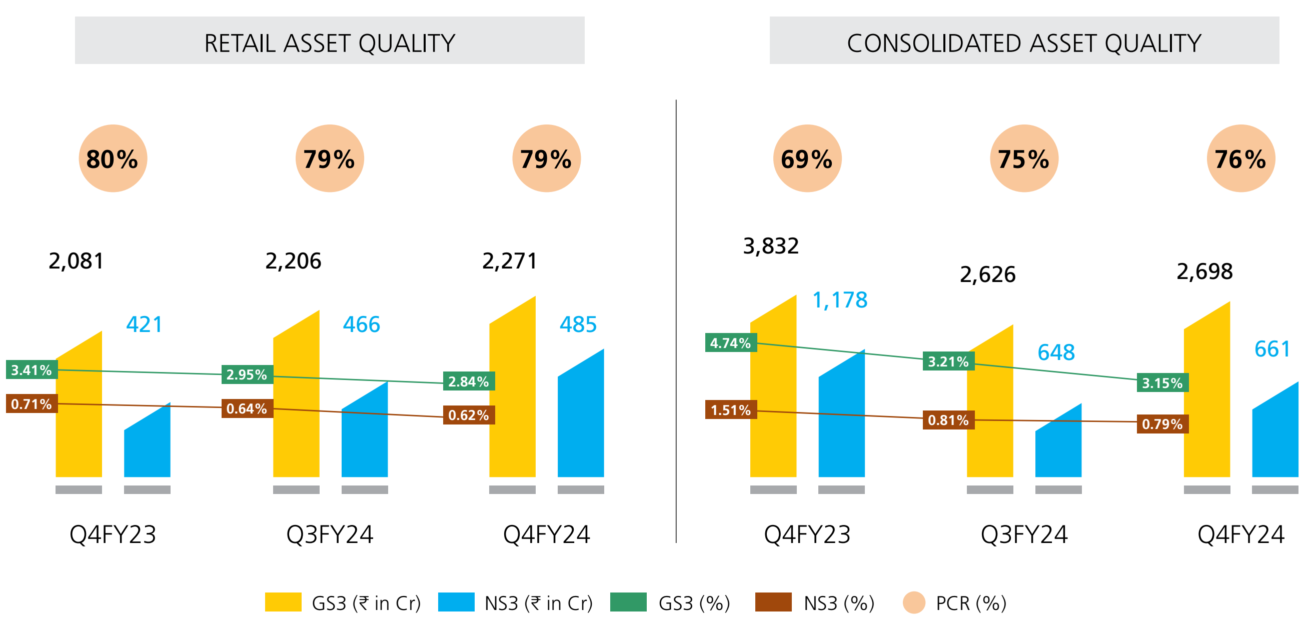
Retail Asset Quality

'0 DPD' for our 3 fulcrum products



Best in class 0 DPD portfolio of LTF vis-a-vis the Industry

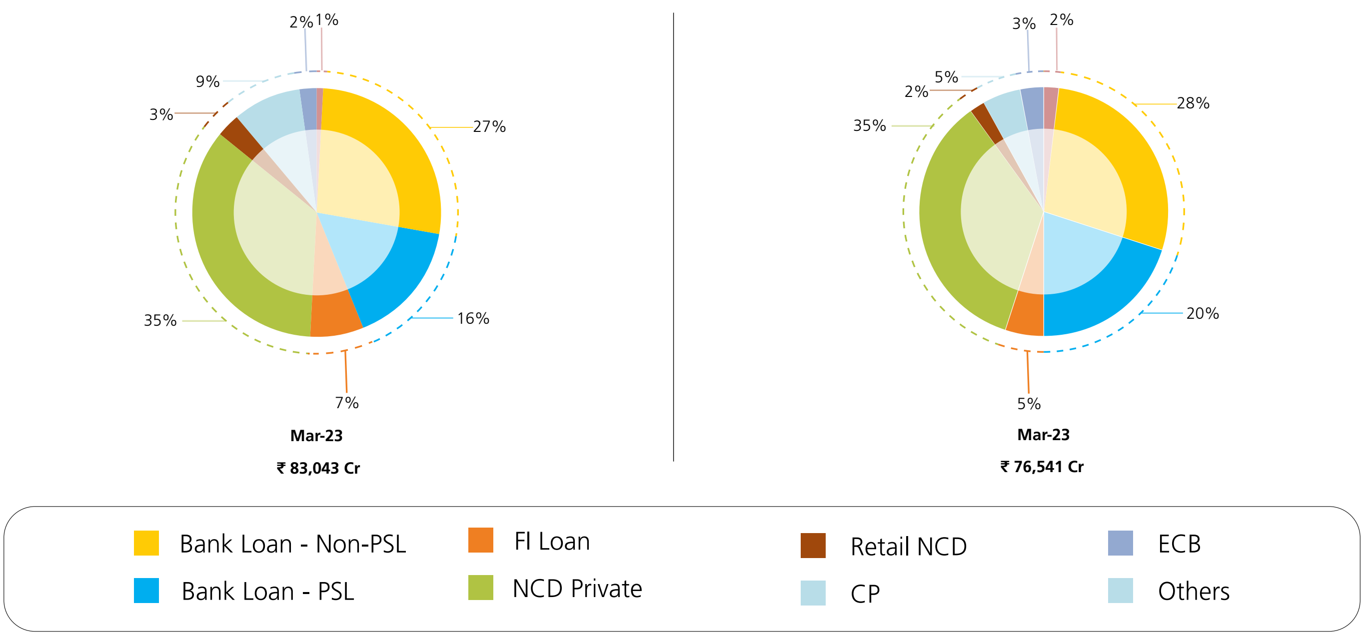
Retail and Consolidated Asset Quality



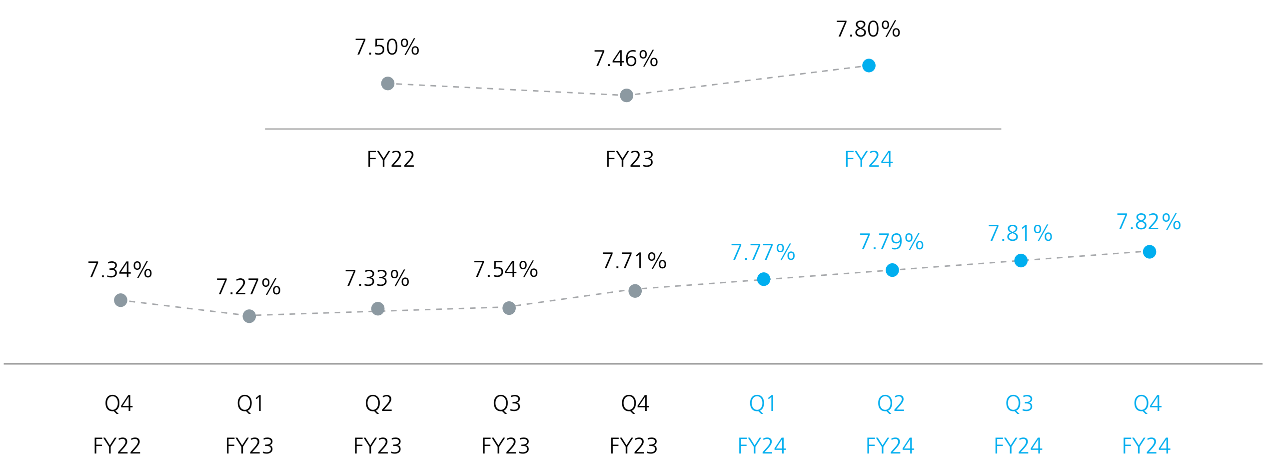
Asset Liability Management

The seamless operations of any NBFC, relies on comfortable and predictable liquidity positions and favourable asset liability balance. Despite facing a rising interest rate environment, LTF outperformed with a wise asset management strategy that resulted in restricting the increase in the cost, with the Weighted Average Cost (WAC) being 7.80%. With favourable liquidity, your Company showcased strong resource-raising ability and maintained a prudent strategy for ALM and investment. Additionally, it sustained cumulative positive liquidity gaps despite significant inflows from pre-payments and sell-downs in the wholesale book.

Diversified Liability Mix

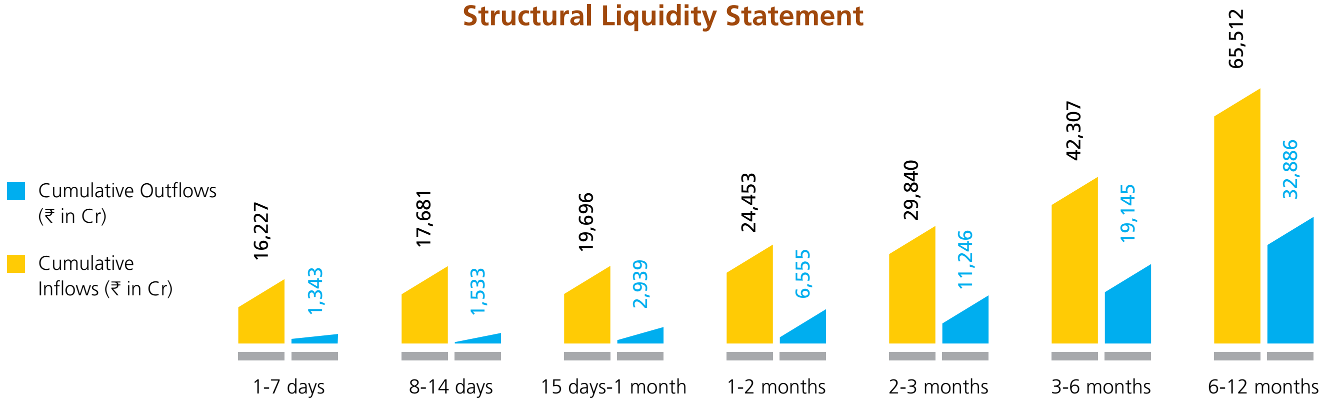


Weighted Average Cost of Borrowing (WAC)



Inspite of the rising interest rate environment, LTF's proactive asset liability management led to the Weighted Average Cost (WAC) of borrowing going up by just 1 bps to 7.82% Q-o-Q, and by 34 bps to 7.80% in FY24, compared to 7.46% in FY23. Your Company also raised low interest sustainability focussed funds through Sustainability Linked Loans and Social loans.

Structural Liquidity Statement



	1-7 days	8-14 days	15 days-1 month	1-2 months	2-3 months	3-6 months	6-12 months
Cumulative Positive Gap	14,885	16,148	16,758	17,898	18,594	23,162	32,626
Cumulative (%)	1,109%	1,053%	570%	273%	165%	121%	99%

Interest Rate sensitivity statement

1 year Gap	(₹ in Cr)
Re-priceable assets	59,198
Re-priceable liabilities	49,446
Positive	9,752

LTF continues to maintain cumulative positive liquidity gaps

Creditworthy Credit Rating

In FY24, rating agencies reviewed the ratings of LTF post-merger and reaffirmed the ratings of LTF at AAA (Stable)/A1+.

This is attributed to the following strengths of LTF:

- Diversified business-mix with strong presence across the financial services space
- Strategic importance and strong support to the financial services business by the parent, Larsen and Toubro Limited (L&T: AAA)
- Strong resource raising ability and adequate capitalisation
- Comfortable liquidity position

Rating Agency	Long-term/Short-term Rating of LTF
CRISIL	CRISIL AAA (Stable)/CRISIL A1+
ICRA	ICRA AAA (Stable)/ICRA A1+
India Ratings	IND AAA (Stable)/IND A1+
CARE Ratings	CARE AAA (Stable)/CARE A1+

The highest credit ratings reflect the rating agencies' opinions on your Company's financial strength, operating performance, and strategic position.

As your Company enters a new phase of growth, its commitment is to uphold the highest standards of ratings and disclosures.

Consolidated Statement of Economic Value Generated and Distributed for the Year Ended March 31, 2024

Sr. No.	Particulars	Year Ended March 31, 2024 (₹ in Cr)	Year Ended March 31, 2023 (₹ in Cr)
1	**Economic Value Generated**		
a)	Turnover	13,580.58	13,004.50
b)	Other Income	675.38	702.70
c)	Profit before Tax from Discontinued Operations	-	2,639.96
	Total Economic Value Generated	**14,255.96**	**16,347.16**
2	**Economic Value Distributed**		
a)	Operating Cost	1,583.50	1,354.18
b)	Employee Wages and Benefits	1,806.37	1,444.95
c)	Payments to Providers of Capital	5,873.80	5,921.16
d)	Payments to Governments	916.53	1,282.82
e)	CSR Initiatives and Donation	3.23	22.13
	Total Economic Value Distributed	**10,183.43**	**10,025.24**
3	**Economic Value Retained**	**4,072.53**	**6,321.92**

Your Company has excelled through its profitable growth, solidifying its leadership in the NBFC sector. This achievement can be attributed to its effective risk management systems, robust credit policy, and underwriting capabilities.

Credit Policy

Credit policy of LTF provides a comprehensive framework for lending, following industry guidelines and considering project viability, risk management, and adherence to standards. It incorporates both conventional underwriting methodology and a scorecard-based decision model to thoroughly evaluate creditworthiness. The continuous monitoring of policy parameters ensures your Company's adaptability to changing market conditions and risk profiles. In addition to considering factors such as credit rating, operating and financial performance, and outstanding amounts for refinancing, LTF emphasises responsible lending practices and regulatory compliance. Your Company strictly adheres to a Board-approved exclusion list, prohibiting financing activities related to forced labour, wildlife trade, gambling, weapon production, hazardous substances, and other specified activities.

Exclusion List

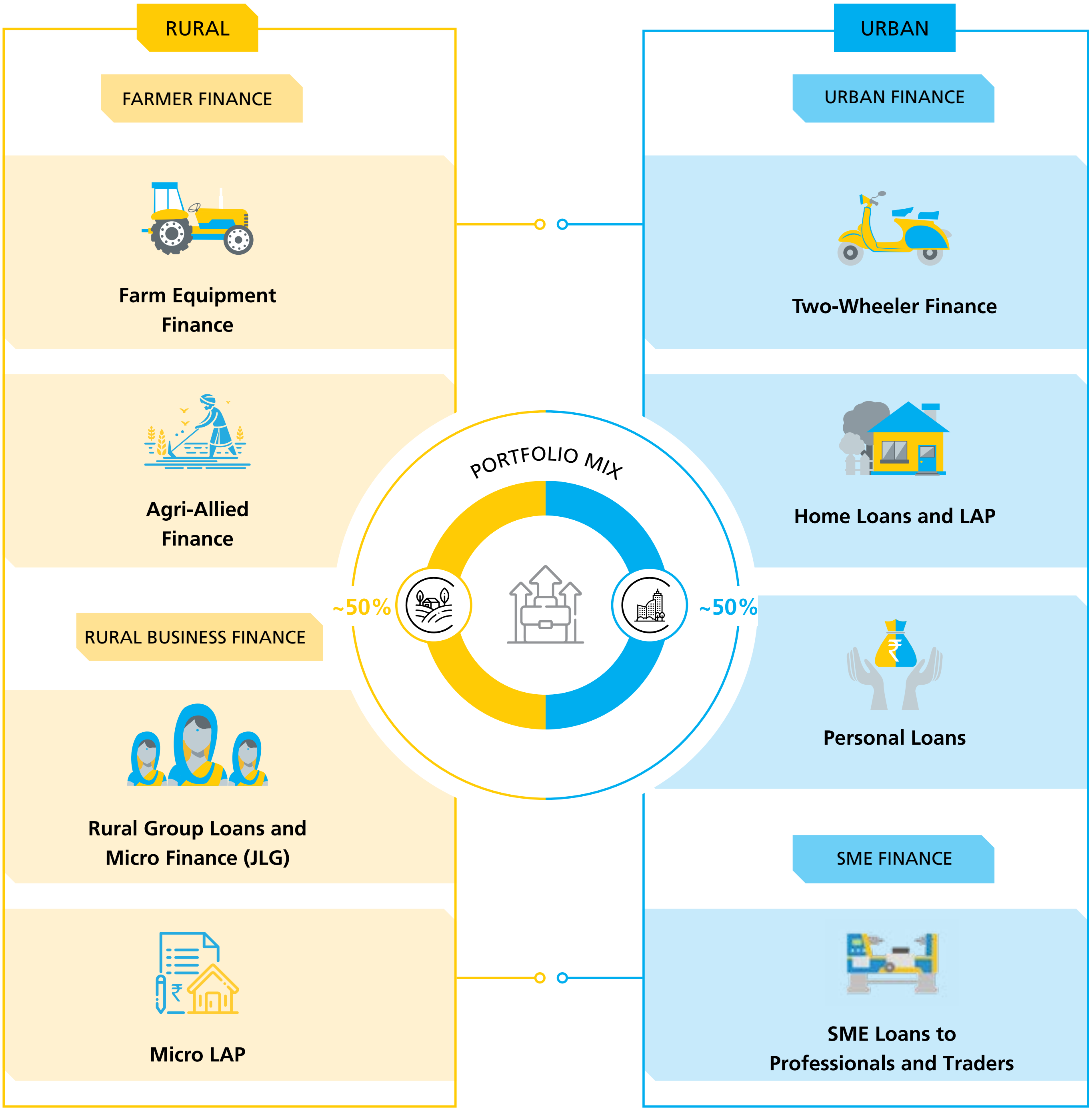
- Forced labour or exploitative forms of child labour
- Trade in wildlife products
- Gambling, casinos and equivalent enterprises
- Production or trade of weapons and ammunition
- Production or trade of wood, tobacco and forestry products
- Production or trade of hazardous substances/ chemicals and banned pharmaceuticals
- Financing of mining
- Financing of thermal projects

Relevant delegation holders approve the Credit Proposals in line with the Credit Delegation Matrix approved by the Board.

Environmental parameters considered during loan appraisal

- Floods or High Rainfall
- Earthquakes and Seismic Zones
- Droughts
- Cyclones
- Extreme Climatic Conditions

LTF’s Product Portfolio



LTF offers various financial products catering to both rural and urban customers, including Rural Group Loans and Micro Finance and Urban Financing like Two-Wheeler Finance, Consumer Loans, and Home Loans. Your Company has further launched new products such as Warehouse Receipt Finance and Kisan Suvidha, an automated journey facilitated within the PLANET App. This has helped LTF address the diverse needs of rural and urban consumers, reflecting a shift towards a customer-centric approach.

LTF acknowledges its responsibility in supporting India's efforts to achieve the 2030 agenda for sustainable development set by the UN. It consistently strives to create products and services that meet its customers' socio-economic and financial goals while aligning with the UNSDGs.

Products	SDG
Farmer Finance 1. Farm Equipment Finance 2. Kisan Suvidha 3. Agri-Allied	1 NO POVERTY 6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH
Urban Finance 1. Two-Wheeler Finance 2. Personal Loan 3. Home Loans 4. Loan Against Property	8 DECENT WORK AND ECONOMIC GROWTH
Rural Business Finance 1. Rural Group Loans 2. Miro Finance 3. Vishwas Loans 4. Pragati Loans 5. Rural LAP	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
SME Finance 1. Loans to Professionals and Traders	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES

LTF is committed to providing credit for projects that have a positive impact on the environment and society. Your Company considers environmental, social, and governance (ESG) criteria when making lending decisions, aiming to promote ESG-based financing. Recognising the importance of finance in transitioning to a low-carbon world, LTF has implemented sustainable finance initiatives, as indicated by its rural loan portfolio totalling ₹ 38,608 Cr as of March 31, 2024. Your Company's contribution towards rural loan book (Rural Business Finance + Farmer Finance) from low-income states as on March 31, 2024 was 51.6%.

Furthermore, LTF supports sustainable transport and EV financing, aiming to benefit the environment and create job opportunities for youth in semi-urban areas. In FY24, your Company financed 44,168 Two-Wheeler EVs, which helped avoid emissions by ~8,266 tCO_2e. Through urban-focussed products such as loans to professionals, SME Loans, Two-Wheeler Finance, and Loan Against Property, LTF provides financial access for businesses and growth prospects.

In rural areas, LTF enhances livelihoods by offering farm equipment finance and rural group loans, especially targeting women entrepreneurs. By focussing on rural finance, LTF contributes to financial inclusion, bringing marginalised population into the formal credit system, fostering entrepreneurship, and increasing income-generating capabilities.

LTF recognises the challenges faced by underserved communities, particularly small businesses lacking the access to traditional banking due to limited collaterals and credit history. This includes initiatives to support small and medium-sized enterprises (SMEs) and marginalised population, ensuring last-mile access to finance. Through these efforts, LTF contributes to creating a more inclusive and resilient financial system, fostering economic empowerment and improving livelihoods across India.

37,000 Cr Book
Rural Finance

100%
Digital Disbursements and Paperless Journey

72%
Repeat Customer Share in Rural Group Loans and Micro Finance

7%
In Prime and EV Segment in Two-Wheeler Finance Registered Y-o-Y Growth

SUSTAINABLE FINANCE

Through partnerships with international and domestic stakeholders, India strives to achieve its sustainable finance targets, while advancing the goals of the G20 agenda for a more sustainable and equitable future. In line with this national ambition, LTF integrates ESG factors into its core business and financial operations. This is essential because it aligns with your Company's dedication to generating lasting value for its stakeholders, fostering sustainable development, and tackling societal and environmental challenges. By actively considering ESG factors in its investment and lending decisions, LTF aims to play a part in building a stronger, and more environmentally friendly future.

The introduction of Sustainable Finance within LTF is driven by the following:

Strategic Alignment

Sustainable finance aligns with the broader strategic objectives of LTF, including its vision to become a top-class, digitally-enabled Retail Finance Company. By integrating sustainability principles into its business model, your Company aims to create long-term value for its stakeholders while mitigating risks associated with environmental and social challenges.

Risk Management

By considering ESG factors in its investment and lending decisions, LTF can better identify and manage risks associated with environmental degradation, social unrest, regulatory changes, and reputational issues. This proactive approach to risk management strengthens the resilience of your Company's business operations and enhances the ability to adapt to changing market conditions.

Access to Capital

Sustainability finance provides LTF with the access to a diverse range of capital sources, including green bonds, social bonds, and sustainability-linked loans. These instruments help your Company deploy capital in areas that deliver measurable environmental and social benefits, thereby diversifying its funding base and potentially reducing its capital cost.

Impact Investing Opportunities

By financing projects that address pressing societal and environmental challenges, such as climate change, poverty alleviation, and sustainable infrastructure development, LTF can make a meaningful impact on environment and communities while generating positive returns for investors. This approach aligns with your Company's commitment to responsible investing and corporate citizenship.

International Standards and Disclosures

By adhering to international guidelines and frameworks, such as the Green Bond Principles, Social Bond Principles, and the Task Force on Climate-Related Financial Disclosures (TCFD), LTF demonstrates its commitment to sustainable business practices adopted at the global level.

Sustainable Finance Framework

LTF has put in place a Sustainable Finance Framework ("SFF") to further strengthen its capacity to finance social and environmental projects which are in line with the UNSDGs. Your Company aims to attract investments specifically for funding or refinancing projects that have positive impacts on both society and the environment. The SFF comprises of 6 pillars: Use of Proceeds, Evaluation and Selection Process, Management of Proceeds, Reporting, External Review and Sustainability Linked Instruments.

The SFF is developed with reference to prominent industry guidelines and standards to ensure alignment with the best practices in sustainable finance. These include:

1. **International Capital Market Association (ICMA) Guidelines**
   - Green Bond Principles (GBP) 2021
   - Social Bond Principles (SBP) 2023
   - Sustainability Bond Guidelines (SBG) 2021
   - Sustainability-Linked Bond Principles (SLBP) 2023.

2. **Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Associations (LSTA) Guidelines**
   - Green Loan Principles (GLP) 2023
   - Social Loan Principles (SLP) 2023
   - Sustainability-Linked Loan Principles (SLLP) 2023

3. **Climate bond initiative taxonomy serves as a crucial reference point, facilitating the identification and categorisation of eligible projects within the SFF.**

Through adherence to these guidelines, LTF aims to ensure transparency, credibility, and effectiveness in financing projects that contribute positively to environmental and social outcomes. Additionally, the SFF has established a list of eligible project categories and selection criteria which are discussed in detail in the following sections.

Eligible Project Categories

The funds raised through sustainable finance are utilised to fund new or existing projects that meet the criteria of eligible project categories, as listed in the table given below. LTF allocates, on a best-effort basis, all the proceeds within 24 months. The following is a list of the eligible green and social projects aligned with UNSDGs under SFF:

Eligible Green Project Category	Description/Eligibility Criteria and Examples	SDG Linkages
Clean Transportation: Low Carbon Mobility Solution	Financing to individuals for clean energy vehicles and associated infrastructure • Financing any zero-direct emission vehicles including EVs • Financing infrastructure for clean energy vehicles and reduction of harmful emissions	11 Sustainable Cities and Communities
Renewable Energy and Energy Efficiency	Supporting renewable energy production, transmission, appliances and products • Financing for roof-top solar • Financing for solar pumps • Financing for energy storage including battery storage	3 Good Health and Well-Being; 7 Affordable and Clean Energy; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production
Environmentally Sustainable Management of living natural resources and land use	Providing finance for sustainable agriculture and allied activities • Environmentally sustainable agriculture • Environmentally sustainable animal husbandry • Climate smart farm inputs such as biological crop protection or drip-irrigation • Environmentally sustainable fishery and aquaculture	2 Zero Hunger; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production; 14 Life Below Water; 15 Life on Land
Pollution Prevention and Control	Providing finance on technology/activities for pollution prevention and control • Reduction of air emissions • Greenhouse gas control • Soil remediation • Waste prevention, waste reduction, waste recycling • Energy/emission-efficient waste to energy	3 Good Health and Well-Being; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production
Circular Economy Adapted Products, Production Technologies and Processes	Loans for Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance • Design and introduction of reusable, recyclable and refurbished materials, components and products • Circular tools and services • Certified eco-efficient products	8 Decent Work and Economic Growth; 11 Sustainable Cities and Communities; 12 Responsible Consumption and Production

Eligible Green Project Category	Description/Eligibility Criteria and Examples	SDG Linkages
Green Building	Loans for Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance - Loans to individual units in Green buildings	11 Sustainable Cities and Communities
Access to Essential Services and Socioeconomic Advancement and Empowerment	Financing support to promote micro-enterprise development and driving economic upliftment in rural areas including women empowerment - Loans offered to EWS*, Low-Income and Middle-Income* customers for improving quality of life and economic growth - Income generating activities, with income assessment done at the time of sourcing - Loan up to 50% of the annual household income - Loan to women to promote employment generation and equitable participation in market - Loan to target population in Low-Income States* and Aspirational Districts*	1 No Poverty 2 Zero Hunger 5 Gender Equality 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 10 Reduced Inequalities
Food Security and Socioeconomic Advancement and Empowerment	Enhancing rural livelihood and food security by financing farmers and persons engaged in farming activities and providing finance to improve productivity of small-scale producers - Small and marginal farmers* with owned and/or leased agri land holding - Top-up loan to existing customers (i.e., small and marginalized farmers) with good repayment track record fulfilling the working capital requirements - Loan to target population in low-income States and Aspirational Districts	1 No Poverty 2 Zero Hunger 12 Responsible Consumption and Production

Eligible Green Project Category	Description/Eligibility Criteria and Examples	SDG Linkages
Socioeconomic Advancement and Empowerment and Employment Generation and Programmes Designed to prevent and/ or Alleviate Unemployment	Improving access to formal lending and uplifting and financing the aspirations of low and medium urban sector customers including SMEs and contribute to 'Nation Building' Enhancing reach of healthcare by providing need-based financing to healthcare professionals (doctors) - SMEs with annual turnover as less as ₹ 80 lakh and credit history as less as 6 months - Improving access to transportation and supporting employment by provision of financing to first-time Two-Wheeler buyers from underserved communities and customers who do not receive any assistance from the financial institutions (eg., banks) for Two-Wheelers - Environment Friendly Vehicle (eg., EV Two-Wheeler) - Low and medium income group entrepreneurs - Loan to women/SMEs to promote employment generation and equitable participation in the market - Loan to target population in low-income States and Aspirational Districts	1 No Poverty; 3 Good Health and Well-Being; 4 Quality Education; 8 Decent Work and Economic Growth; 9 Industry, Innovation and Infrastructure; 10 Reduced Inequalities
Investments or Projects Including	Investments or projects including - Loans to individuals for purchase or construction of low-cost houses* - Loans to individuals for renovation of an existing house* - Loans for affordable housing projects*	1 No Poverty; 11 Sustainable Cities and Communities

*Low-income group- households having an annual income between ₹ 3,00,001 up to ₹ 6,00,000
*EWS- households having an annual income up to ₹ 3,00,000
*Middle income group 1- households having an annual income between ₹ 6,00,001 up to ₹ 12,00,000
*Middle income group 2- households having an annual income between ₹ 12,00,001 up to ₹ 18,00,000
*Small farmers- produces crops or livestock on two or less hectares
*Marginalised farmers- produces crops or livestock on less than one hectare
*Low Income States- Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan, Tripura, Uttar Pradesh and West Bengal
*Aspirational Districts- as listed on https://www.niti.gov.in/sites/default/files/2022-09/List-of-Aspirational-Districts.pdf by Government of India
*RBI Master direction- Priority Sector Lending-Targets and Classification (updated as on July 27, 2023) available at https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=11959#Housing,

The eligibility criteria for sustainable financing outlined by LTF excludes involvement in industries associated with unethical practices or harmful impacts. The excluded sectors encompass forced labour, exploitative child labour, trade in wildlife products, gambling, and enterprises related to weapons, ammunition, wood, tobacco, and forestry. Additionally, financing of hazardous substances, chemicals, banned pharmaceuticals, mining, and thermal projects are deemed ineligible. This stringent exclusion policy reflects your Company's commitment to ethical and socially responsible investment practices, aligning with its sustainability objectives.

Project Selection and Evaluation

The project evaluation process ensures that the chosen eligible project categories comply with:

- Environmental and social standards mentioned in the ESG Policy of your Company
- Criteria provided in the 'Use of Proceeds' section of the SFF
- Green and Social Bond Principles

Portfolios eligible for financing under the SFF undergo quarterly review by the Board or Board-level Committee. Internal monitoring systems are established and maintained to track and record the allocation of the net proceeds such that it is in line with the use of proceeds as listed in the above table.

Second-Party Opinion on Sustainable Finance Framework

The SFF also received a second-party opinion from Credit Rating Information Services of India Limited (CRISIL) which assessed the alignment of the SFF with the Green Bond Principles (GBP) 2021, Social Bond Principles (SBP) 2023, and the Sustainability Bond Guidelines (SBG) 2021. CRISIL highlighted LTF's robust SFF, emphasising its dedication to financing eligible activities. It acknowledged the commitment to allocate proceeds within 24 months and include sustainable categories like clean transportation and renewable energy. CRISIL also recognised the involvement of multiple departments of LTF, which ensured comprehensive management and reporting. Its alignment with industry standards such as ICMA GBP, ICMA SBP, LMA GLP, and LMA SLP was noted, along with intentions for annual reporting and external verification. Integration of the ESG criteria in lending decisions and referencing the core principles of sustainability-linked bonds and loans were highlighted.

Driving Sustainable Investments through Fund Mobilisation

LTF's sustainable finance strategy emphasises providing financial support to key sectors like agriculture, agri-allied services, and SMEs, particularly targeting underserved and marginalised communities. Your Company prioritises fulfilling clients' requirements, including considerations for environmental, social, and governance (ESG) factors, along with sustainable finance. It aims to reshape business models and investment opportunities while developing sustainable finance products and solutions. In line with this commitment as part of US$ 250 Mn syndicated ECB loan from ADB, LTF signed a financing pact in FY24 with the Japan International Cooperation Agency (JICA) for US$ 125 Mn to drive positive social impact through sustainability-focussed loans. At least 40 percent of the proceeds will be allocated for women borrowers, while the rest will be allocated to support farmers, MSMEs, and Two-Wheeler loans including electric two wheelers.

In FY24, LTF successfully achieved its target of raising ₹ 500 Cr of sustainability focussed/priority sector lending loans. It secured ₹ 9,444 Cr from various banks and financial institutions, including Yes Bank, HDFC, Axis, Karnataka, Kotak, ICICI, SBI, PNB, ADB and JICA through Sustainability Linked Loans, social loans and long-term loans for priority sector lending. As compared to FY23, 3x sustainability focussed loans were raised in line with your Company's commitments to creating positive business impacts

LTF focusses on engaging with lenders and organisations that offer sustainability focussed funds. Your Company commits to key performance indicators (KPIs) and progressive ESG targets as part of its agreements with lending agencies. For instance, under sustainability linked loans from CTBC Bank, MUFG and Societe Generale, LTF exceeded its targets related to water positivity, increasing the number of women borrowers for Micro Loans, and carbon sequestration. Your Company also secured social loans from institutions like ADB and JICA, with disbursements staggered over multiple fiscal years.

In FY24, ADB and JICA sanctioned loan on terms to extend new sub-loans in accordance with the following criteria (or any combination of the following criteria):

1. to women borrowers for rural group loans and micro finance loans
2. to farmers for new farm equipment purchases and loan facilities
3. to individuals for new Two-Wheeler purchases (including electric Two-Wheelers)
4. to individuals who are self-employed professionals for MSME loans

Furthermore, LTF prioritises priority sector loans, particularly for tractor finance and rural business loans. For all its financing activities that are funded through the proceeds from AIIB and IFC, the due diligence process ensures that the funding thus obtained is directed into investments that leave an ESG impact. This concerted effort reflects LTF's commitment to sustainable finance, promoting economic development while addressing environmental and social concerns.

Sustainability Focused Loan Process

Identify Lenders	Due Diligence	Target Setting	Securing Funds	Periodical Review
Identification of lenders offering Sustainability focussed loans	To ensure that LTF supports investments with an ESG impact	Setting targets and KPIs to monitor performance	Availing the credit facility and obtaining funds from the lender	Periodical reviews to evaluate the impact being created by the investments

Sustainability Linked Loan KPIs

1. Retained Water Positive/Surplus Status in FY24 by Replenishing ~183 lakh kl of water
2. Sequestered ~1,982 tCO_2e annually in FY24 through plantations
3. Increased the number of Women Micro Loan Borrowers to 64.20 lakh+ in FY24

Moreover, LTF stands as one of the pioneers in the NBFC sector, having raised a sustainability-linked rupee loan. The commitment involves progressing in three crucial sustainability linked Key Performance Indicators (KPIs): Achieve Water positive/surplus status, Carbon Sequestration and Responsible Lending to women entrepreneurs, particularly in underserved communities. This initiative, in turn, positively influences future borrowings for your Company.

LTF conducts thorough due diligence to ensure that the funds obtained are directed towards investments that meet ESG criteria and comply with relevant environmental, health, and safety (EHS) standards, as well as applicable laws and international conventions. This includes identifying lenders offering SLL and securing funds through a rigorous process. Additionally, your Company sets specific targets and KPIs to monitor the performance of these investments over time. Periodic reviews are also conducted to evaluate the ongoing impact created by these investments.

MANUFACTURED AND INTELLECTUAL CAPITAL

Alignment to UNSDGs

- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Alignment to Material Issues

- Privacy and Data Security
- Data Analytics for Early Warning Signals (EWS)
- Digital Innovation
- Financial Inclusion and Enhancing Rural Livelihood
- Customer Relationship Management
- Business Ethics
- Regulatory Compliance
- Brand Reputation
- Consumer Financial Protection

Key Performance Indicators

2.3 Cr+
Customer Database

51.60%
Proportion of Rural Loan Book* from Low-Income States#

1,965
Number of Branches Pan India (including HO)

13,000+
Distribution Touchpoints

~2 lakh
Villages Served

100+
Cities/Towns Served

₹ 1,100 Cr+
Digital Collections

₹ 5,700 Cr+
Digital Sourcing

100%
Digital Disbursements (Rural + Urban)

216 lakh+
Customer Servicing Experience through Digital Channels

91 lakh+
PLANET App Downloads

4.4
Star Rating on Google Play Store (PLANET App)

4.3
Star Rating on iOS App Store (PLANET App)

*Rural Loan Book includes Rural Business Finance and Farmer Finance

Low-income states as per National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India

LTF is focussed on creating a top-class, digitally enabled Retail Finance Company. A key component of your Company's operational performance is its manufacturing capital, which ensures the delivery of effective financial solutions and services to its various customer segments. Being empathetic to the needs of its rural customers, LTF has been deepening and expanding its physical presence through its branches to provide in-person attention and human touch. At the same time, LTF has been heavily deploying technology to onboard customers and provide them with a flawless digital experience in the rural as well as urban areas. One of the 5-Pillars of the strategy to deliver on Lakshya goals is implementing futuristic digital architecture by optimising digital journeys to eliminate choke points and provide a superlative experience to customers through an inhouse engineering for enhanced time-to-market. Through its physical and digital services (phygital), your Company is not only aiding financial inclusion, but is also encouraging digital inclusion for its customers, especially from aspirational districts, low-income states and economically weaker sections, apart from women.

As of March 31, 2024, LTF operated through 1,965 branches including 5 zonal offices and the head office, covering 20 states and 2 union territories. 104 new branches were established in FY24. Most of the expansion has taken place in rural areas. Your Company has remained steadfast in its endeavour to build a high-quality portfolio and resilient business model using digital and AI while simultaneously establishing a large customer base.

In line with achieving its Lakshya objectives, your Company continues to invest in Intellectual Capital. It leverages the latest in technology, providing the agility of a fintech and the comfort of the brand 'L&T'.

Whether it is about innovative solutions for meeting customer needs at the click of a button, protecting the safety of the customers, taking customer experience to the highest level, increasing accessibility or contributing to nation building like its parent Company, LTF always believes in a customer-first approach. The extremely talented workforce at your Company is always thinking about enhancing the lives of its customers by targeting to provide a solution orientation towards customer needs.

Stepping Up and Touching Lives

LTF is dedicated to enhancing customer engagement by providing a smooth and effective customer experience. By expanding geographically, your Company has established stronger relationships with its customers and facilitated greater accessibility to its services.

LTF's connect across India has allowed it to cater to 11,700+ consumers on average per branch.

Additionally, there has been a significant increase in the collection efficiency due to the encouragement and use of various digital modes of payments. This accomplishment can be credited to the adoption of effective procedures, leading to a shorter travel distance, and enhanced outreach.

Beyond serving as a strategic move, your Company's branch expansion has contributed significantly to job creation. Every new branch opened has acted as a spark for local job creation, boosting the local economies. To meet the increasing demands of its customers, LTF has greatly expanded its physical presence throughout the length and breadth of the nation.

Increasing Opportunities, Reducing Risk

LTF has been actively pushing the strengthening of both its sourcing and servicing franchises through the expansion of its geographic reach and the growth of assisted channels. These efforts are leading to a better direct assisted connection with its customers.

In addition to strengthening its relationship with customers, your Company is improving its capacity to handle possible hazards throughout the life-cycle of its loan products. Operating in multiple locations exposes the organisation to a range of economic conditions, enabling it to evaluate and track risks associated with swings in the local economy. The localised occurrence is mitigated by strictly adhering to exposure restrictions at the district and the state levels.

By adding characteristics unique to a given region, LTF's geographic expansion allows it to improve its credit risk assessment models. Identifying and assessing these regional hazards and implementing them into risk management plans helps the purpose of evaluating and controlling credit and operational risks. Physical presence also provides for a more complex insight into the behaviours and preferences of the customers. By utilising cutting-edge analytics and technology, the insights gathered on trends, patterns, and possible hazards enable efficient risk assessment and monitoring.

Innovative Solutions to Enhance Operational Efficiency

Recognising the pivotal role of digitalisation in today's competitive landscape, LTF prioritises a shift towards customer centricity, embedding digital solutions into its core processes. The following are the key focus areas of Digital and IT at LTF:

Focus areas	Description
Customer Service	Effective customer service is vital for LTF to maintain customer satisfaction and loyalty. Exceptional services can not only retain current customers but also attract new ones (customer acquisition), ensuring sustained growth and enhanced reputation for your Company.
Collection Mechanism	The rise in digital payment usage indicates a noticeable change in customer habits. To meet these expectations, LTF has collaborated with several payment aggregators to provide diverse digital payment choices, aligning with evolving customer preferences.
Evaluation and Fulfilment	Verifying customer details like demographics, credit history, credit bureau reports, and asset preferences enables your Company to assess borrower eligibility with greater precision. This meticulous evaluation aids LTF in making informed lending decisions, ensuring responsible lending practices, and minimising risk exposure.
Risk Mitigation	Effective risk mitigation strategies, like those implemented by LTF, are crucial for maintaining stability and safeguarding against any uncertainties. Careful managing of sourcing, credit decisions, and monitoring can significantly reduce risks, especially in collections. Targeting the appropriate customers through the right channels ensures timely payment collection, while safeguarding your Company's financial health.
Customer Identification and Application	Identification of creditworthy customers and utilising next-generation technology to reduce errors and improve overall customer journey experience.

Focus areas	Description
Data Intelligence for Monitoring	A self-service business intelligence application that aims to democratise enterprise data and provide real-time insights to all users at their convenience, which has resulted in faster and more relevant decision-making at LTF.
Resilient and Secure IT Architecture	A robust and secure IT infrastructure ensures the protection of sensitive financial data, compliance with regulatory requirements and protection against any cyber threats. A secure infrastructure instils trust among clients and stakeholders, fostering long-term success and stability.

Several new initiatives were put in place, addressing all 7 focus areas during FY24, which are described in the sections below.

LTF has embarked on a journey of digital innovation to revolutionise its operations and customer experiences. With a focus on leveraging technology to enhance accessibility, convenience, and efficiency, your Company is committed to aligning with the goals of Digital India. In accordance with the goals, LTF is transforming into a digitally enabled Retail Finance Company. This transformation is driven by recognising digitalisation as a critical element in today's competitive market, enabling improved operational efficiency and enhanced customer experiences. The following initiatives were undertaken by your Company in FY24:

Project Cyclops

Objective

Enhanced understanding of customer behaviour and preferences.

Description

Utilization of system to consolidate customer data from various sources, facilitating comprehensive customer insights and personalised services.

Personal Loans journey

Objective

Strengthening risk management and improving customer segmentation.

Description

Enhancement of guardrail checks, income assessment for better borrower eligibility, and implementation of decile-based application scorecards to ensure robust risk management.

Furthermore, LTF maintains strong relationships with fintech partners to access top-notch technical support and services. Partners like Perfios, Digio, DowJones, Hyperverge, and CrimeCheck, among others, provide LTF with cutting-edge technology to improve their turnaround time (TAT) and service quality.

Provides real-time credit decision underwriting, fraud control, and KYC automation solutions, enhancing operational efficiency.

Supports regulatory compliance by providing risk management solutions for customer due diligence.

Offers OCR and image-level detection technologies for data extraction and verification, facilitating seamless document processing.

Facilitates legal deduplication of prospective customers, ensuring compliance with regulatory standards.

Your Company is dedicated to refining its operational procedures to maintain relevance and surpass benchmarks, especially in terms of security. Through internal projects, LTF is committed to distinguishing itself and setting new industry standards. Below are the key initiatives that sets your Company apart from its peers and competitors.

Initiatives	Purpose
LTF's Reporting Repository (LRR)	Utilising the Customer360 and Employee360 APIs for implementing internal dedupe check, marks a significant step in risk management. This initiative, which retrieves data via Loan Management System through EDW Big query, enables the credit team to proactively manage potential risks associated with disbursing loans to current LTF customers who may have exhibited delinquencies in recent payment cycles, where bureau reporting may not be available. Moving ahead, your Company aims to further optimise this process and enhance its effectiveness in identifying and addressing potential credit risks.
Multi-Bureau Application	LTF's in-house product, the multi-bureau application, seamlessly integrates external bureau-based APIs like TransUnion CIBIL, CRIF Highmark, Equifax, and Experian. By recording both soft and hard customer enquiries, it provides customised reports for comprehensive credit analysis. Your Company aims to extend the integration of this application across platforms and implement it for its businesses, bolstering its credit risk management capabilities.

Your Company's focus on operational excellence directly influences the quality of the customer experiences. By optimising internal processes, LTF ensures smoother interactions and heightened satisfaction for its customers. This commitment to efficiency not only strengthens LTF's operations but also enhances the overall customer experience, reflecting the organisation's indomitable commitment to delivering exceptional services throughout. Various initiatives were implemented in FY24 to further enhance the customer experience and reduce TAT. The details of these initiatives have been discussed in the subsequent sub-sections.

Enhancing Customer Experience

LTF's digital and IT infrastructure plays a crucial role by enabling faster decision-making, enhancing customer experiences, and driving operational efficiency through advanced digital workflows and data analytics capabilities. Anchored on product leadership and process excellence, your Company aims to expand its Fintech offerings beyond its current strengths in Farmer Finance, Rural Business Finance, Micro Loans, and Two-Wheeler Finance. Aggressively targeting Home Loans, SME Loans, and Personal Loans markets, it is reshaping its customer journey with efficient disbursement and collection practices, and servicing techniques. In line with its commitment to enhance customer experience, LTF has undertaken the following initiatives

Home Loans – Neo Journey

Implementing parallel verification processes to expedite loan sanctioning and enhance customer experience.

SME Finance on SFDC

Migrating SME business operations to SFDC platform for improved scalability and performance.

Two-Wheeler DIY Journey @dealerships

Enabling self-service loan processing for Two-Wheeler customers at dealerships.

Home Loans Dropline OD

Enhancing sales by introducing new dropline overdraft (OD) options for HL Top-up, LAP, and LAP Top-up clients.

Farmer Finance Integration

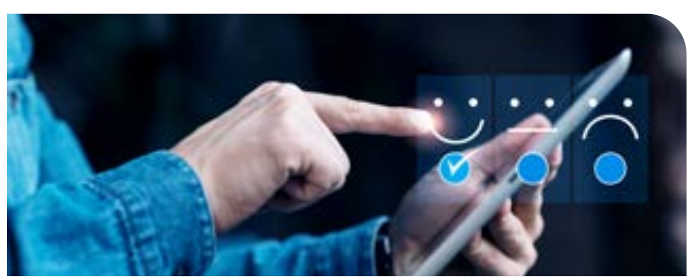
Expanding sales channels through integration with Tractor OEM for potential client leads.

Video KYC

Enhancing customer verification by conducting paperless KYC verification remotely via video calls, ensuring improved risk controls and authentication of customer identities.

Account Aggregator

LTF utilises Account Aggregator to access tamper-proof secure data swiftly, expediting the loan evaluation process for customers.



In response to changing customer preferences towards digital payments, LTF has partnered with various payment aggregators to offer a diverse range of digital repayment options. This strategic alignment with evolving customer behaviour reduces cash collection, eliminates associated costs and risks and significantly enhances the customer experience. Introducing digital modes of payment and digital onboarding has allowed LTF to expand its geographical footprint. The modes of engagement and recent developments are discussed below.

Accessibility and Customer Outreach

Understanding the importance of customer outreach, LTF aims to make services readily available to all customers. Digital analytics guides its customers' digital journey, enhancing engagement and service delivery. Your Company prioritises guiding customers in making informed financial decisions, ensuring they have the access to comprehensive information. Your Company's omni-channel approach enables the availability of personalised and interactive service for customers. LTF has been working relentlessly towards strengthening its sourcing franchise by expanding its geographical footprint and its servicing franchise by increasing autonomous and assisted channels.

Through channels like the website, PLANET App, chatbot, IVR, and WhatsApp, customers can engage with LTF conveniently, reducing their dependence on traditional branches and call centers. The PLANET App is a cutting-edge digital platform designed to cater to customer needs and facilitate the entire loan application process online, without the need for any physical paperwork or visiting a branch. It provides personalised loan offers and serves as a one-stop solution for customers, enabling them to initiate loan applications conveniently.

Servicing Franchise

Autonomous Channels

- SHO portal
- Chatbot
- WhatsApp
- PLANET App

Assisted Channels

- Branches
- Cell Centres
- Employees/Agencies

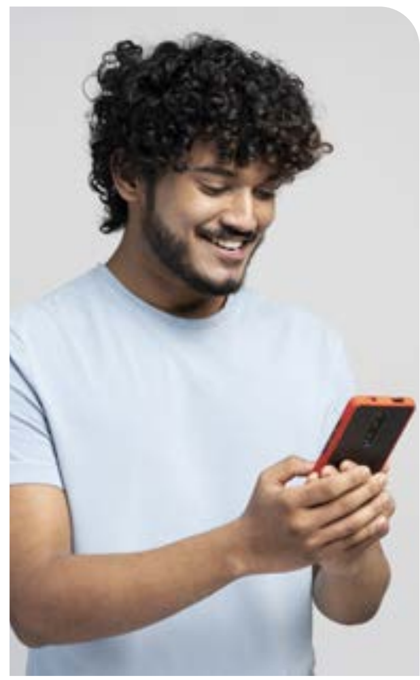
Seamless Customer Experience Powered by PLANET App

LTF's PLANET App, launched in March 2022, has quickly gained traction. Within 2 years since the launch of the App, it has witnessed 91 lakh+ downloads and has emerged as one of the highest-rated finance apps. With 72 lakh+ customers served seamlessly, the App has become a cornerstone of LTF's digital strategy, catering to the evolving preferences of customers who opt for digital transactions.

Key functionalities of the App include the seamless servicing of its 72 lakh+ customer base with features like payments (EMI, foreclosure, and part payment), viewing loan details, downloading the statement of accounts, welcome kit, repayment schedule, NOC, interest certificates, and updating the mandate. Additional services like credit scores, wellness insurance plans, EMI calculator, and mandi price of rural customers for 100+ commodities offer a convenient and efficient solution towards customer engagement. While it is tailored for both urban and rural customers, machine learning applications help identify more customer segments, enabling personalised product offerings, and contributing to the your Company's goals.

Moreover, the PLANET App aligns with LTF's objectives of providing seamless customer experiences, scaling its business digitally, and reducing collection costs. Available in 12 Indian languages, the App has facilitated business worth over ₹ 5,700 Cr+, including website transactions, with collections exceeding ₹ 1,100 Cr+ and servicing over 216 lakh+ requests. As your Company continues to innovate and expand its digital footprint, the App remains a testament to its commitment to customer-centricity and technological advancement.

The PLANET App is constantly evolving to enhance customer engagement, offering features such as farm advisories, education courses, utility payments, and income-expense tracking. Its success lies in reimagining customer engagement and creating an augmented direct-to-consumer (D2C) channel, serving as a geo-agnostic sourcing, collections, and servicing platform. Notably, 11 lakh+ of downloads originate from rural India, showcasing its broad appeal across diverse demographics.



Customer-focussed digital-first approach not only in Urban but also in Rural areas

'PLANET' APP FEATURES (Launched in March 2022)

Servicing Features ✅

- View Loan Account Details and Update Profile
- Download SOA and Repayment Schedule
- Download Interest Certificate
- Download Welcome Kit
- Download NOC and Foreclosure Report
- Update Mandate Details
- Make Foreclosure and Part Payments

Engagement Features ✅

- Mandi Price (Farm Customer)
- Insurance Marketplace
- Credit Score
- EMI Calculator

Autonomous Journeys ✅

- D2C Journey for Personal Loan
- D2C Journey for Two-Wheeler Loan
- D2C Journey for Rural Group Loans and Micro Finance
- D2C Journey for Farmer Finance Top-Up

InProgress ⛔

- Rewards and Referrals
- Utility Payments
- Income Expense Tracker
- Warehouse Receipt Finance
- LAP OD

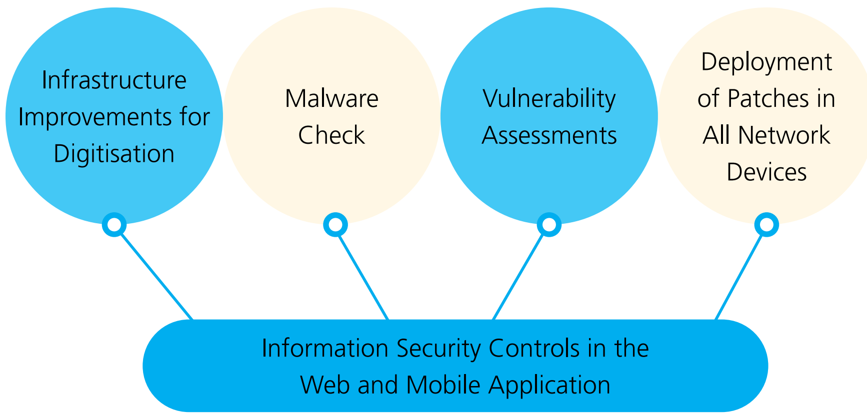
✅ Completed
⛔ InProgress

LTF understands that while servicing over 2.3 Cr customers across India, implementing necessary data security practices is critical to ensure the safety of customer information. Your Company has put in place and implemented several processes to mitigate issues related to data privacy and cybersecurity, which have been elaborated upon in the subsequent sub-sections.

The PLANET App has been diligently assisting users with their loan needs, encompassing servicing, collection, and sourcing, for the past two years. Drawing from valuable customer feedback and experiences, LTF is dedicated to significantly enhancing experiences by developing a more intuitive and user-friendly interface for the application. Your Company's goal is to ensure that every interaction is seamless, efficient, and tailored to meet the unique needs of the customers.

Securing IT Infrastructure to Support Digitalisation

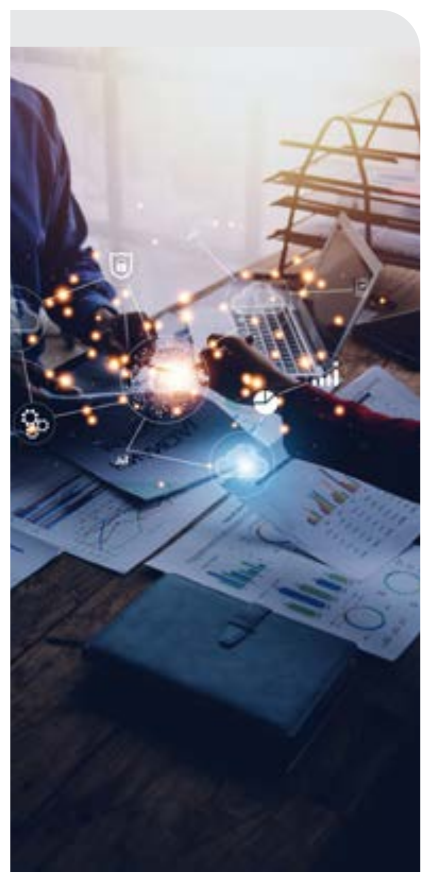
LTF has been strengthening its processes to use data analytics as part of an effective customer engagement journey. To prevent any detrimental effect on its vital IT applications, systems, and network devices, it is necessary to fortify its systems and detect any threats. Your Company makes the required preparations to identify system vulnerabilities and promptly reinforces them. When creating and managing web apps, mobile apps, and APIs, the corresponding departments implement information security safeguarding mechanisms as needed.



To avoid incomplete transmission, misrouting, unauthorised disclosure, message tampering, unauthorised message duplication, or replay, the information involved in application service transactions is protected. LTF makes sure that the environment in which systems and applications are developed is secure by implementing clear access rules for different stakeholders.

Furthermore, LTF uses the central management system to push fixes to all network devices as part of endpoint management. Information systems are constantly scanned for dangerous code or patterns, and when found, the appropriate preventive measures are quickly implemented. Information systems are monitored, prevented, detected, and cleared of malware, including viruses, spyware, ransomware, worms, trojan horses, malicious codes, adware, harmful mobile code, and other threats in interconnected environments.

LTF places a high priority on safeguarding sensitive customer information by implementing secure management systems and processes. Your Company is committed to leveraging innovative technologies to enhance the overall customer experience and streamline business operations. Serving a customer base of 2.3 Cr+ across States, LTF emphasises the importance of digitising its processes to facilitate customer engagement, optimise costs, drive product development, manage risks, and improve workflow efficiency. In addition to the same, your Company has created a technology agnostic software centre in Bangalore with best-in-class technology services and looks forward to creating a talent pool of employees with various technological skills to help in the journey towards a digitally enabled Retail Finance Company.



Information Security Practices Aimed at Safeguarding Digital Assets

As a Company entrusted with managing sensitive customer information, LTF prioritises the deployment of systems that ensure safety and effective handling of customer information. Additionally, your Company focusses on leveraging innovative technologies and tools to enhance the overall customer experience and streamline business processes. It has implemented a comprehensive IT infrastructure framework overseen by a dedicated Board-level IT Strategy Committee and chaired by an Independent Director. Your Company also has an internal IT Steering Committee and Information Security Committee. The key areas of focus are enlisted below:

Cybersecurity Controls	Business Continuity	Certifications and Audits
Incident Management	Data Privacy	Security Awareness and Training
Vulnerability Assessment	Risk Management	Cyber Insurance

Cybersecurity Controls

LTF prioritises robust cybersecurity measures to protect its digital lending operations from potential threats. To combat ransomware attacks, your Company enforces 100% security patching, conducts real-time cyber threat simulations, and maintains regular offsite backups. Denial-of-Service attacks are countered with dedicated protection measures, while all internet-facing applications undergo thorough security assessments. LTF adheres to a Zero Trust model to prevent supply chain attacks by rigorously evaluating the security posture of third-party vendors. In case of a breach, your Company has established a comprehensive security incident management procedure, with an incident response team and a Board-approved cyber crisis management plan. Users are encouraged to contact infosec@ltfs.com for their queries or concerns. LTF takes disciplinary action and performance evaluations as necessary to address breaches effectively

Business Continuity

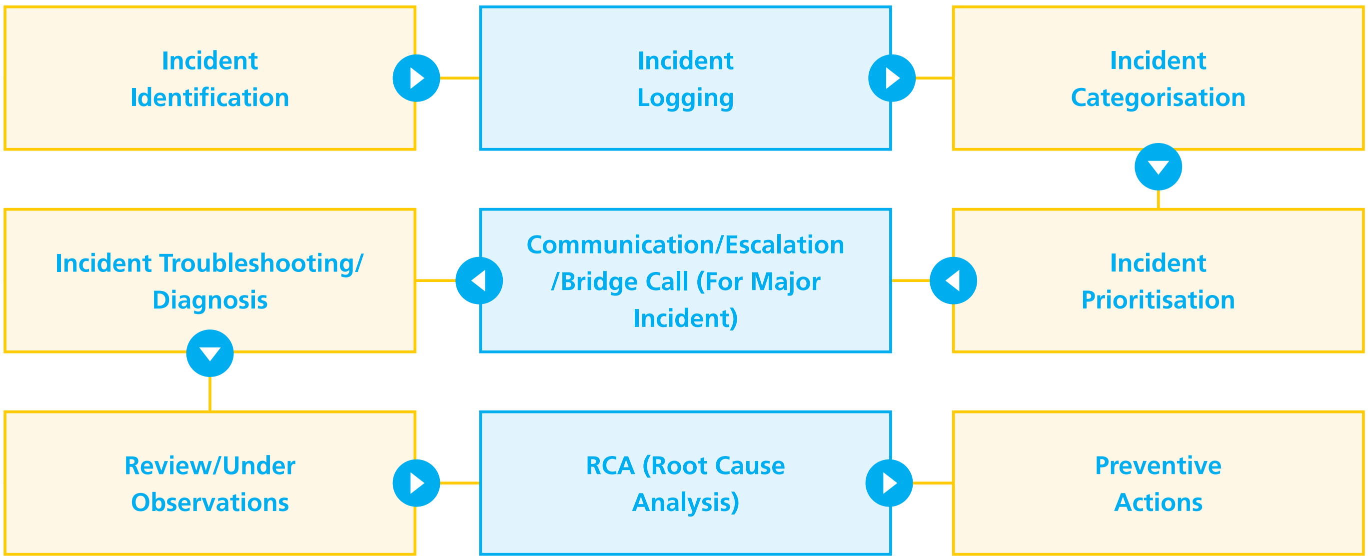
LTF has crafted a comprehensive IT Business Continuity and Disaster Recovery (DR) Plan, safeguarding critical business processes from disruptions during unforeseen events like disasters. This proactive approach ensures seamless customer service, compliance with contractual obligations, upholding the organisational reputation, safeguarding stakeholder, and staff interests, and adhering to legal and regulatory requirements.

Certifications and Audits

LTF has achieved ISO 20000-1:2018 for Service Management or IT Service Management System and the ISO 27001:2013 certification from the British Standard Institution (BSI) for its IT Function and Information Security department. LTF has implemented a systematic approach to conducting self-assessments and third-party reviews annually to ensure internal controls over IT are managed effectively. Additionally, your Company is working towards adopting and obtaining a certificate for the ISO 27701 data privacy framework to align with regulatory requirements and enhance consumer trust.

Incident Management

LTF has implemented an Incident Management Plan to ensure swift and systematic handling of information security incidents.



Data Privacy

In today's digital age, cybersecurity and data security are of a paramount concern, especially within the financial sector where the repercussions of breaches can be severe. LTF has implemented robust measures to mitigate the risks associated with data privacy breaches. In line with this, your Company has instituted a detailed Data Privacy Policy to ensure the protection and confidentiality of personal information collected from individuals, in accordance with legal requirements and industry-best practices.

Data Collection and Retention

LTF's Data Privacy Policy emphasises the collection of minimal information necessary to provide services, encouraging individuals to update their information regularly for accuracy. The policy outlines strict procedures for data retention and disposal, requiring managerial approval for the disposal, destruction, or deletion of personal data to minimise the risk of data theft or misuse.

Security Measures for Personal Data Protection

As an ISO 27001:2013 certified Company, LTF employs robust security measures to protect Personal Identified Information (PII). This includes encryption of sensitive data, restricted access to encryption keys, employee training on privacy policies and information security procedures, periodic risk assessments, third-party audits, and the implementation of an incident response plan.

Compliance and Grievance Redressal

LTF is committed to complying with applicable privacy laws and regulations, conducting regular audits of its compliance, and ensuring customer privacy. Your Company follows a Zero-Trust model to provide secure access control for employees to the LTF network, allowing access and specific service access only through specified port, only when necessary. LTF provides individuals with the option to withdraw consent for data collection of personal information by writing at headgro@ltfs.com. Grievances related to privacy breaches are addressed through a formal redressal process outlined in the grievance redressal policy. Please refer to the section 'Policy Compendium' to access the Grievance Redressal Policy.

Security Awareness and Training

LTF follows a robust, formalised and structured approach to ensure adequate awareness and training of employees to meet the dual objectives of continuous development of its workforce and safety of the customer and your Company.

Initiatives	Description
Information Security Awareness Training	All employees and Board members are mandated to complete an information security awareness training, followed by an assessment, facilitated through a centralised solution. This training equips them with the essential knowledge on identifying and mitigating security threats, enhancing overall cybersecurity posture.
Phishing Drill and Threat Detection Training	To further strengthen employees' threat detection capabilities, LTF conducts quarterly phishing drills, allowing employees to recognise and respond effectively to simulated phishing attempts. This proactive approach enhances your Company's resilience against cyber threats.
Privacy Policy and Data Security Training	Recognising the importance of safeguarding sensitive personal data, LTF ensures that employees receive training on privacy policies and information security procedures. This training emphasises the responsible handling, access, and disclosure of personal data, reinforcing your Company's commitment to data privacy and protection.
Awareness Initiatives	LTF fosters a culture of continuous learning and awareness by sending monthly emails and newsletters to all employees. Such communications provide updates on cybersecurity trends, best practices, and policy changes, ensuring that employees remain informed and vigilant in safeguarding sensitive information.

Vulnerability Assessment

LTF has a robust vulnerability management policy in place to enhance security levels and mitigate potential threats to your Company. This policy outlines the necessary controls and steps to identify security vulnerabilities, ensuring reasonable security for both infrastructure and applications.

Risk Management

LTF conducts annual IT risk assessments to identify potential threats to its IT infrastructure, applications, and services, ensuring appropriate measures are in place to mitigate risks. The Infosec team conducts assessments annually on identified assets, including vulnerability assessment, configuration compliance review, and application security assessment. Any changes in applications undergo security testing and penetration testing exercises, either internally or through third-party partners as per management decisions. The assessment reports include a prioritised list of vulnerabilities, descriptions, calculated risks, and remediation activities, which are shared with the respective owners for resolution. Rescanning and retesting are conducted to verify the closure of reported observations.

Cyber Insurance

LTF has acquired cyber insurance to protect itself from a range of risks, including but not limited to business disruptions, legal actions, cyber extortion, damage to IT systems, regulatory fines, and other potential threats that could negatively affect your Company's operations. This serves as a safeguard against various cyber-related incidents, providing financial protection and assistance in handling the aftermath of such events.

Data Privacy and Security

Privacy and data security are significant concerns, especially in today's economic climate where data breaches can have serious consequences. Financial institutions, in particular, face potential financial and reputational damage due to data security issues. LTF acknowledges its customers' concerns regarding the safety of their personal information and understands the gravity of the risk involved. As such, your Company has implemented necessary steps to minimise its vulnerability to such risks.

To ensure data protection, LTF has put in place strict security protocols across its systems, including endpoints, servers, applications, and networks. It relies on Software as a Service (SAAS) platforms, prioritising data security and monitoring. Using advanced technologies like data classification, data leakage prevention (DLP), and cloud access security broker (CASB), LTF effectively monitors and safeguards sensitive information. It also follows a comprehensive Data Privacy framework and it aims for an ISO 27701 certification. With dedicated measures for identifying and monitoring Personal Identifiable Information (PII) data, LTF ensures comprehensive coverage for data in motion, at rest, and in use.

LTF has taken the following initiatives to enhance data security and privacy practices:

Initiative	Description
Data Classification and Leakage Prevention	LTF has implemented a data classification solution to ensure that all files are categorised according to the defined policy, enhancing data security and compliance. Additionally, the adoption of a Data Leakage Prevention (DLP) solution on endpoints and email gateways enables proactive monitoring and blocking of sensitive information, safeguarding against unauthorised data leaks.
Service Desk Ticket Segregation and Impact Assessment	LTF has undertaken a review of the ticket handling process, focussing on segregating Sev 1 and Sev 2 tickets handled by related service engineers for prompt resolution. Additionally, an impact assessment methodology is being developed to accurately gauge the severity and prioritise tickets based on business impact, ensuring timely responses and resolutions.
Improved Incident and Problem Management	LTF is enhancing incident and problem management processes by creating problem tickets as child tickets to incident management, streamlining change management initiation, and facilitating seamless communication and resolution of IT issues.
Enhanced Release and Patch Management	Efforts were made to expand release management beyond software to include infrastructure releases, where applicable. Furthermore, patch releases are being addressed through structured release management processes, ensuring efficient deployment and management of updates across the IT environment.
Continuous CMDB Maintenance	LTF emphasises the importance of maintaining an accurate Configuration Management Database (CMDB) by updating Configuration Item (CI) attribute changes following release of implementations. This ensures the integrity and reliability of configuration data, supporting effective IT service delivery and management.

Furthermore, LTF has implemented a robust governance structure by rolling out 14 Information Security Related policies to ensure diligent oversight of procedures and adherence to established protocols, thereby safeguarding sensitive data, and mitigating potential risks.

Name of the Policy/Document	Objective	Details
Data Privacy Policy	To deliver services in compliance with the terms of use, LTF obtains an individual's consent, either in written or electronic form. This consent allows your Company to collect, use, retain, or disclose the individual's personal data as necessary. The objective is to utilise only the essential information required for operating and providing services, ensuring that individuals consent to the usage of their information for service and product delivery	This policy provides details on: Sharing /Transfer/ Disclosure of: - Personal Information - Unsolicited Information - Retention of Personal Information - Disposal - Destruction - Redaction of Personal Data (Use of Cookies) - Security of Data - Quality - Compliance and Reporting
Cryptography Policy	To ensure the protection of sensitive information that may be vulnerable, cryptographic systems are employed. The aim is to maintain the confidentiality, authenticity, and integrity of information. This policy applies to the information systems responsible for handling, storage, and transmission of critical data to different stakeholders	- Use of Cryptography Controls - Key Management - Key Generation - Key Protection - Expiration/Revocation of Keys - Key Escrow - Information Recovery - Key Compromise - Public Key Infrastructure
Operations Security Policy	This policy aims to ensure the secure and proper functioning of information processing facilities to safeguard the confidentiality, integrity, and availability of information assets. It applies to both employees and third-party vendors who use LTF's information assets and processing facilities. The policy covers all information assets and processing facilities of LTF, including those hosted in a cloud IT environment	The policy provides details of the operations, procedures, and responsibilities to ensure that the information processing environment is safe and secure, information processing facilities are protected from malware, and available data is backed up to prevent data loss. This policy also ensures that the impact is reduced in case of incidents affecting the availability of information, logging and monitoring, control of the operation software and information system audit controls.

Name of the Policy/Document	Objective	Details
Physical and Environmental Security Policy	This policy aims to prevent unauthorised access and minimise disruptions to LTF's information processing facilities. It applies specifically to the facilities at the head office and branches to ensure security and operational continuity	The policy provides details about secure areas to prevent unauthorised physical access, damage, and interference in the information processing facility and equipment used to prevent asset loss, damage, or theft
Security Incident Management Policy	This policy aims to implement proactive measures to minimise the impact of security incidents and establish a structured incident response plan. It applies to incidents compromising assets due to breaches of confidentiality, integrity, or availability (CIA) within your Company's information resources, including those hosted in a cloud IT environment	The policy provides the details about the management of information security incidents and improvements, which include roles and responsibilities, reporting of information security incidents, information security weaknesses, assessment of and decision on information security incidents
Vendor Relationship Management Policy	This policy ensures that third-party vendors adhere to agreements to safeguard LTF's information assets, whether accessed on-premises or off-premises. It involves maintaining confidentiality, integrity, and the availability of LTF's informational assets, along with compliance with regulations. Applicable to both on-premises and off-premises scenarios, this policy extends to cloud IT service providers accessing LTF information resources	This policy provides details about the information security in third-party vendor relations and third-party vendor service delivery management, including monitoring, reviewing, and managing the changes related to third-party vendor services
Vulnerability Management Policy	The security policy aims to improve security provisions and reduce risks related to vulnerabilities in LTF. It outlines procedures for identifying vulnerabilities and ensuring satisfactory security levels for both infrastructure and applications. This policy applies to employees and contractors using LTF's infrastructure and technical environment	This policy provides details about the roles and responsibilities of the Infosec team, third-party vendors, and application teams in relation to vulnerability assessment, review of findings, and implementation of appropriate actions. It also details the procedure to be followed to conduct the vulnerability assessment

Name of the Policy/Document	Objective	Details
Communications Security Policy	This policy aims to protect and secure the communication channels used by LTF to maintain the confidentiality, integrity, and availability of all information assets. It covers the management of network security, including the cloud IT network at your Company	- Network security management ensuring information protection within the networks - Information transfer policies, procedures, agreements on IT, electronic messaging, and confidentiality or non-disclosure of agreements
Human Resource Security Policy	To prevent the theft, fraud, or misuse of its information systems, individuals granted access to LTF's systems are informed of their responsibilities for maintaining information security. They receive access to the necessary information to perform their duties, and access is revoked when not needed. This policy applies to both employees and third-party vendors at your Company, ensuring comprehensive security management	The policy provides details to ensure that the employees' responsibilities are clearly understood by them and they are provided with suitable roles. It also contains detailed procedures to be followed prior to employment, during employment, and in the event of termination and change of employment
Information Systems Acquisition, Development and Maintenance Policy	This policy ensures that security is held as an integral part of processes involving the acquisition, development, deployment, and maintenance of information systems. It applies to various types of information systems, including business applications, off-the-shelf products, and in-house developed applications that access, process, and store LTF's information. Additionally, this policy covers your Company's information resources hosted in a cloud IT environment	The policy provides details about the various security requirements of the information systems, security requirements in development, and support processes
Acceptable Use Policy	This policy establishes standards for your Company's employees and third-party vendors to use information assets appropriately. It applies to all LTF's employees, third-party vendors, associates, and affiliated individuals with access to your Company's information resources and assets	- Acceptable usage of information assets - Email Usage - Internet Usage/Social Media Risk - Information System Management - Password Management -Endpoint Management -Incident and Data Loss Reporting - Clear Desk - Clear Screen - Prohibited Activities/Use

Name of the Policy/Document	Objective	Details
Asset Management Policy	This policy aims to maintain a detailed record of assets and implement proactive strategies for protecting LTF's assets based on their importance. It applies to all assets related to LTF's information and information processing facilities, including its cloud IT infrastructure	This policy mentions the various responsibilities for assets such as inventory of assets, ownership of assets, acceptable usage of assets, return of assets and IT product lifecycle. It also contains classification of information to identify the level of protection to be provided, depending on the level of importance. This policy also specifies the standard for managing removable media, disposal of media and physical media transfer
Corporate Email Policy	This policy aims to ensure the availability of LTF email services when required, minimise the risk of misuse, prevent unauthorised disclosure of information, and protect the confidentiality and integrity of messages during transmission, where applicable. All users of LTF's corporate email system must adhere to this policy for its use and management	This policy details responsibilities, incident reporting and various controls related to LTF e-mail services. This policy helps to protect your Company from any loss or interruption to its email services, breach of integrity or confidentiality of the information, and any liability that may arise due to the inappropriate usage of emails
Logical Access Control Policy	Controlling access to LTF's information involves limiting unauthorised access and ensuring that authorised individuals have the necessary access. This is crucial for maintaining the security and confidentiality of sensitive data. This policy applies to both employees and third-party vendors who access LTF's information systems, including those hosted in a cloud IT environment, and must be always adhered to while accessing LTF's information on any information asset	The policy provides details on the business requirement for access control for networks and their services, user access management, third-party vendors' access to LTF's information systems, user responsibilities, and access controls systems and their application

HUMAN CAPITAL

Alignment to UNSDGs

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Alignment to Material Issues

- Occupational Health and Safety
- Human Capital Development
- Human Rights
- Diversity, Equity and Inclusion

Key Performance Highlights

30,534
Total Employee Headcount

27%
Women in Group Executive Committee

22%
Share of Women in STEM Related Positions

48%
Increase in FLIV-Grade Women Employees over FY23

1.60
Female to Male Compensation Ratio

4.6%
Women in the Workforce

40.55
Average Training Hours per Employee

13
Focussed DE&I Sensitisation and Awareness Sessions

26,000+
Field Force

Human capital plays a pivotal role in ensuring LTF's persistent success and resilience. Your Company recognises that employees are the most valuable assets, prioritising initiatives to foster a work environment where everyone can thrive and contribute meaningfully towards your Company's collective goals. High priority is placed on upholding human values, respect for individuals, ethical and professional behaviour.

LTF organises comprehensive training programmes tailored to the needs of various roles and career paths to invest in the professional development of its employees. Ample opportunities are provided to advance employees' careers and improve their skills and knowledge, with focus on the expertise needed to drive business growth.

This chapter highlights your Company's efforts in driving innovation and creativity through employee engagement initiatives and cross-functional collaboration. By fostering an environment where diverse talent and diverse perspectives are welcomed and encouraged, LTF is not only cultivating a more dynamic and resilient workforce but also positioning itself to better address the complex business challenges.

LTF firmly believes that employee experience translates to customer experience. Your Company considers employee centricity as a key to establishing strong customer connections, which in turn drives customer loyalty. This approach underscores the importance of fostering a dedicated and skilled workforce to achieve business objectives effectively.

Ultimately, your Company's commitment to developing human capital is not only a strategic imperative but also a reflection of its core values as a responsible and sustainable business. LTF believes that investing in the well-being and growth of the employees can not only enhance your Company's organisational performance but also contribute to the broader social and economic prosperity.

Creating A Culture That Drives A Digital Mindset

BELIEF	ACTION	RESULTS	REWARDS
People Alignment	Talent Acquisition	Managing People Risk	Performance and Rewards

Understanding Fintech@Scale

- Regular employee communication centered around becoming a Fintech@Scale
- Driving tech competitions like Hackathon (completed 3 seasons) to encourage digital thinking

Enabling Fintech@Scale

- Recruiting IT talent to drive Fintech@Scale and lead digital initiatives

Enhancing Organisation memory

- Building people agnostic processes: App based geo-tagging for route identification for frontline staff

Promoting Digitisation as a Way of Life

- Setting KPIs to digitise processes across levels
- Star Awards recognising Digital initiatives

The 5-Pillars of Human Resources Engagement

Hire Right

Ensure hiring of diverse and quality talent from various sources

Revamp the campus hire programme to build talent pipeline

Challenge Right

Bring intentionality by idea generation, creativity and innovation

Provide opportunities for stretch assignment, cross-functional projects, and challenging roles as learning and growth opportunities

Support Right

Create a favourable work environment for diverse talent, enabling and empowering them

Set up a continuous listening mechanism at scale

Nurture Right

Provide clear career paths with timely opportunities for career progression

Create a culture of appreciation and reinforce a positive work environment

Reward Right

Accentuate performance-based differentiation to drive 'meritocracy'

Job Creation:

LTF is empowering communities by creating jobs in rural areas through the hiring of local and regional communities. This helps improve regional diversity and create job opportunities in rural areas, thus limiting the migration to other cities for work. Thus, your Company is also helping to drive rural economic development.

The detailed break-up of the geographic distribution of employees is as follows:

Location	Male	Female	Total
Rural	21,501	395	21,896
Semi-Urban	2,085	79	2,164
Urban	2,513	272	2,785
Metropolitan	3,044	645	3,689
Total	29,143	1,391	30,534

Bifurcation as per Database On Indian Economy, RBI's Data Warehouse: https://dbieold.rbi.org.in/

Empowering Employees through Policy Infrastructure

Policies Related to Human Capital

LTF prioritises a thriving workplace to attract and retain top talent, thereby promoting your Company's growth and development. The policies emphasise employee safety, health, and welfare, helping to enhance productivity and creativity. Your Company provides resources, including counseling and wellness programmes, supporting both the physical and mental well-being of its employees. Fair compensation, benefits, and opportunities for career advancement are integral to the prevalent practices.

Your Company's Code of Conduct (CoC) for employees outlines the expectations for professional conduct, information sharing, and vendor relationships. During the induction programme, employees receive training on various policies, including the CoC. Furthermore, your Company has an annual training framework, covering essential policies for non-frontline employees which need to be completed mandatorily by such employees. This training is followed by an assessment. This assessment has a minimum score requirement for an employee to get a 'passing' certificate. LTF conducts regular awareness campaigns to educate them about appropriate workplace behaviour and provides channels for raising concerns.

Human Rights Policy

Embracing an ethical work culture, LTF focusses on human rights through a robust policy that aligns with relevant local laws. Your Company is firm in its commitment to providing a secure, healthy workplace, enforcing a zero-tolerance stance against any form of harassment. LTF does not have any employee associations; your Company respects its employees' right to freedom of association and engagement in collective bargaining, and does not discourage such activities. The policy is available on the website of your Company. Please refer to the section 'Policy Compendium' to access the policy.

Diversity, Equity and Inclusion Policy

LTF is dedicated to creating a diverse and inclusive workplace, ensuring equal opportunities for employees to contribute their skills and unique perspectives. Your Company encourages a culture of fairness, non-discrimination, and respect for all stakeholders. This policy highlights your Company's commitment to diversity, inclusion, and equity throughout the organisation. The policy is available on the website of your Company. Please refer to the section 'Policy Compendium' to access the policy.

Prevention of Sexual Harassment Policy

To create a safe and inclusive work environment, LTF has enacted the POSH policy in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013. Your Company's employees can report incidents to the Internal Committee via a dedicated email (wecare@ltfs.com). This ensures privacy and confidentiality, with the Internal Committee having exclusive access to the email box. An external member on the committee assures a fair assessment of all complaints, reinforcing your Company's commitment to a secure and responsible work environment. LTF is committed to promptly resolving all the cases reported regarding violation. In FY23, no case was reported, while in FY24, a single case was reported, upheld and resolved well within regulatory timelines.

Vigil Mechanism

LTF maintains high standards of transparency, honesty, and accountability throughout its operations. Your Company facilitates employees at every level to express genuine concerns that may impact its reputation or financial stability. In compliance with regulatory requirements, a Vigil Mechanism Framework is in place, not only ensuring a structured process for reporting issues without fear of retaliation but also protecting employees from unfair prejudicial employment practices. All complaints are directly accessible to the Chairman of the Audit Committee, reinforcing our dedication to a responsible and open work environment. The policy is available on the website of your Company. Please refer to the section 'Policy Compendium' to access the policy.

Remuneration Policy

LTF has a Policy on Directors' Appointment and Remuneration/ Compensation for Directors', Senior Management Personnel, Key Managerial Personnel, and other Employees.

The policy aims to establish clear criteria for remuneration, ensuring a direct link between pay and performance against benchmarks. Striking a balance between fixed and incentive pay, the remuneration aligns with short and long-term performance objectives, aligning with your Company's goals. The remuneration paid to all employees is also subject to the malus and claw back provisions as per the policy. Under malus, your Company can prevent the vesting of all or part of the amount of deferred remuneration/compensation. In case of claw back, the employee has to return previously paid or vested remuneration/compensation to your Company under certain circumstances as specified in the policy. The policy is available on your website of the Company. Please refer to the section 'Policy Compendium' to access the policy.

Health and Safety Policy

The Health and Safety Policy guides ongoing improvement of measures for health and safety and sustainability. Applicable across LTF's offices and subsidiaries, the policy strives to enhance health and safety performance by:

1. Complying with applicable laws and regulations
2. Ensuring a fair, safe, and healthy work environment
3. Conducting periodic training for employee awareness on health, safety, mental health, and wellness
4. Encouraging regular health check-ups and collaborating with medical service providers
5. Providing access to medical services and an on-call doctor
6. Ensuring workplace safety from natural disasters and accidents
7. Safeguarding 'Feet on Street' employees with suitable benefits
8. Establishing health and safety performance targets

LTF's employees are expected to uphold safety procedures. Your Company consistently seeks to elevate health and safety standards in its operations for a secure and thriving workplace.

Details on leaves, grievance redressal mechanism, compensation, women-friendly policies, Internal Job Postings (IJPs), annual health check-ups, group mediclaims, life insurance and personal accident insurance, and the performance management system are available in your Company's HR Manual.

National People Council and Zonal Leadership Forums

With an aim to reduce employee attrition, promote fast-track resolution of people-related concerns, and ratify people-related policies, special initiatives like National People Council and Zonal Leadership Forums were launched at the beginning of FY25. The People Council was set up to further people-centric agendas by expediting decision-making and overseeing action on ground.

Whereas, the National and Zonal Councils were set up to focus on effectively supporting employees, enhancing productivity and consequently, improving retention of our employees. A Regional Business Head structure has been built to ensure greater business and compliance control on ground.

Diversity, Equity and Inclusion

LTF actively promotes diversity in the workplace and has a workforce that is varied in terms of gender, language, age, religion, rural or urban background, experience, and expertise. Your Company operates extensively in rural areas, and hence, hires people from local regions, creating job opportunities and livelihood in these areas. Such a diverse composition has enabled your Company to effectively engage with customers from different backgrounds and provide them with the best possible service. LTF is committed to embedding DE&I principles into every aspect of its operations, from recruitment and retention to decision-making, community engagement, and value chain partners. For example, at the beginning of this year, a late-evening exclusive cab service for women employees was launched at HO and one branch in Mumbai. Moreover, the working days of the small branches and head office were aligned to create work schedule parity and equity.

One of the examples of DE&I promotion in value chain was LTF's partnership with Vindhya e-Infomedia to launch its Call Center in Nagpur, Maharashtra, which employees 60% of Persons with Disabilities (PWD) to offer services like an inbound helpdesk for your Company’s products. LTF has been associated with Vindhya e-Infomedia, one of the leading impact sourcing service providers in India since 2018. It has 4 call centers across the country comprising 350 employees working for your Company. It was the first corporate job for 73% of these individuals, with 52% being women and 30% being persons with disabilities.

LTF believes in meritocracy and does not discriminate based on culture, religion, caste, language, ability, gender orientation, or any other form of diversity. Your Company’s unbiased selection process brings out the best in all applicants, ensuring the successful integration of diversity into your Company. This is crucial for creating competitive products and services. Embracing diverse thinking allows LTF to challenge the status quo, a core cultural strength of your Company.

Case Study

‘Capability Building with Conscience’

LTF made a significant stride in its DE&I initiatives by launching a DE&I Sensitisation and Awareness programme for Middle Management employees (key influencers and a connect between the top management and layer below them (including field level staff)), with 12 dedicated workshops/sessions across major locations covering 167 operational leaders.

A structured approach was adopted covering various parts of pre and post-intervention for identified group of managers. As a pre intervention, a Focused Group Discussion (FGD) methodology was utilised to assess the biases and develop tailor-made content. Three FGDs were organised covering 11-12 employees. The main intervention was developed using the 'Forum Theater’ workshop method. Post intervention, microbytes on workshop outcomes were sent to reinforce learning.

E-learning modules are being developed to sensitise larger number of employees on various DE&I perspectives.

There are 27% of women in Group Executive Committee, with a 4.6% representation in the total workforce (considering permanent employees). The strong median remuneration of your Company demonstrates the commitment to inclusion. LTF maintains equity in the compensation of men and women across the Board, vis-à-vis their levels and roles.

There are also 4 people with disabilities as a part of the LTF workforce.

Human Capital Analytics

Permanent Employees

Category	Gender-Wise		Age-Wise		
	Male	Female	<30 Years	30-50 Years	>50 Years
Core Management and Senior Management	73	16	0	72	17
Middle Management	354	25	2	363	14
Junior Management	28,716	1,350	18,739	11,292	35
Total	29,143	1,391	18,741	11,727	66

As on March 31, 2024, the Company had 65 retainers/vendors, out of which 25 were females.

Note:
98% of the total employee strength is Junior Management
61% of the total employee strength falls within the 30-year age bracket

Remuneration Details

FY24	Male		Female		Other	
	Number	Median Remuneration/ Salary/Wages of Respective Category	Number	Median Remuneration/ Salary/Wages of Respective Category	Number	Median Remuneration/ Salary/Wages of Respective Category
Board of Directors (BoD)	9	25,00,000	2	16,12,500	0	0
Key Managerial Personnel	3	4,10,00,000	1	1,90,30,202	0	0
Employees other than BoD and KMP	29,140	2,30,000	1,390	2,35,200	0	0
Workers	NA	NA	NA	NA	NA	NA

For calculating the median remuneration of the Board of Directors, Directors serving as such only for a part of the year not considered. Further, for Non-Executive Directors (except Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman who do not draw remuneration from the Company), sitting fees and commission paid in respect of the Company as per the criteria and structure approved in FY22 considered.

The gender pay gap is as per follows:

Indicators	Difference between Men and Women Employees (%)
Mean Gender Pay Gap	-60
Median Gender Pay Gap	-2
Mean Bonus Gap	13
Median Bonus Gap	6

Talent Development and Career Progression

LTF invests in valuable talent and prioritises employee development through merit-based practices. The approach is to identify and nurture high-potential individuals, enabling them to succeed in their roles and long-term careers. In pursuit of this outcome, your Company employs a comprehensive talent management strategy for identification, development, and deployment of talent.

Talent Identification and Acquisition

LTF focusses on talent that aligns with the Company's goals, emphasising individuals with unique strengths and growth potential. LTF emphasises leadership, domain knowledge, and expertise during the selection process. Efficiency in talent acquisition is achieved through initiatives like the Application Tracking System, integration with the LTF Career portal and pre-joining digital engagement.

In FY24, LTF strengthened the campus hiring process. Your Company transformed its journey from process-centric to people-centric, wherein the selection process was made robust through the implementation of various mechanisms and engagement with the candidates post their selection. To ensure a transparent process for selection of Graduate Trainees (GETs) and Management Trainees (MTs), LTF collaborated with L&T EduTech under a campus recruitment drive.

Process Centric	Talent Acquisition
Till 2022	**2023**
Focus Meeting Business Requirements	Partnered with L&T EduTech
Induction to Equip GET/ MT to Perform on the Job	Benchmarked Selection Criteria
	Multiple Rounds of Screening
	Pre-joining Engagement
	Digitised the Internship Process

In FY24, various open positions were filled by internal candidates (internal hires) through the Internal Job Posting programme.

Details of New Hires

FY24	Gender-Wise			Age-Wise		
	Male	Female	Total	<30 Years	30-50 Years	>50 Years
New Hires	17,139	1,001	18,140	14,241	3,896	3
New Hiring Rate	62%	84%	63%	77%	38%	5%

FY23	Gender-Wise			Age-Wise		
	Male	Female	Total	<30 Years	30-50 Years	>50 Years
New Hires	18,170	686	18,856	14,461	4,393	2
New Hiring Rate	72%	70%	72%	103%	67%	8%

Methodology for New Hires calculation = (No. of persons who have been hired by the entity in the FY*100)/Average no. of persons employed in the category in the FY

Talent Development

LTF employs a talent development model divided into three themes, viz. experience, exposure, and education, structured in the ratio of 75:15:10.

Experience

- Enhance employee roles with new opportunities and added responsibilities
- Foster greater involvement in decision-making and task ownership
- Communicate strategies through periodic town halls

Exposure

- Expose employees to cross-functional perspectives via working committees
- Provide regular executive coaching and training sessions for leaders in critical roles to boost their knowledge and skills

Education

- Offer leadership development programmes through reputed educational institutes with industry-experienced faculty

Talent development is further detailed in the section on skill development and learning initiatives.

Talent Deployment

LTF invests in promising individuals who have the potential for progress. Your Company sets up support systems for those in key roles or critical projects, including people at senior levels, viewing them as part of the organisational talent pool, not just departmental resources. Moreover, LTF strives to create 'Role Arbitrage' by entrusting selected individuals with more substantial responsibilities.

Succession Planning

To ensure long-term sustainability and continued success of LTF, a mechanism is in place for ensuring orderly succession for appointments to the Board and Senior Management by identification and further development of talent, to build a pipeline of talent to meet future leadership needs.

During the year, your Company successfully demonstrated the robustness of its succession planning for leadership team and the Board. For details, please refer to the Corporate Governance section of this Report.

Formal Annual Performance Management

An annual and bi-annual performance and career development reviews of employees are in place for their optimal growth. The appraisal involves a systematic process in which employees set pre-defined and measurable goals collaboratively every year, together with their line manager, which are routinely followed up on. Furthermore, in the year under review, all departments presented a four-year roadmap for their business and functions in a dedicated exercise carried over a span of one week.

The exhaustive analytics of performance and career development reviews of employees and workers are as follows:

Details of Performance and Career Development Reviews of Employees and Workers

Category	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	29,143	24,997	85.77	26,507	21,782	82.17
Female	1,391	1,189	85.48	999	794	79.48
Total	30,534	26,186	85.76	27,506	22,576	82.08
Workers - NA						

Ascend – Internal Job Posting (IJP)

LTF has continued its commitment towards promoting internal resources by publishing vacancies for internal employees. Your Company's employees are provided with adequate support and encouragement to pursue role changes across departments. During the year under review, few senior positions were also commissioned through the identification of internal talent.

Role Clarity

Since the adoption of the strategic plan 'Lakshya 2026' in 2022, LTF has been making special efforts to align employees with this strategy and clarifying their roles therein. Your Company's senior and mid-level leadership participated in a series of town halls held nationwide, where the Group Executive Committee members, assisted by 24 Lakshya Champions, provided several valuable insights. Extending beyond regional town halls, business-wise targets were communicated to a wider audience in branches across locations. As a regular practice, the Managing Director and Chief Executive Officer addresses your Company's employees at the onset of the year, either physically or virtually, emphasising expected behaviours for goal achievement. While quarterly town halls were organised for business leaders as a set practice, the Middle Management leaders were also included in the Q3 town hall to enhance their strategic overview further.

Details of Employee Turnover

FY24	Gender-Wise			Age-Wise		
	Male	Female	Total	<30 Years	30-50 Years	>50 Years
Employee turnover number	7,091	344	7,435	4,270	3,163	2
Employee turnover Rate	25.5%	28.8%	25.6%	23.0%	30.5%	3.5%

FY23	Gender-Wise			Age-Wise		
	Male	Female	Total	<30 Years	30-50 Years	>50 Years
Employee turnover number	8,943	389	9,332	5,778	3,553	1
Employee turnover Rate	36%	40%	36%	41%	54%	45

Methodology for employee turnover rate = (No. of persons who have left the employment of the entity in the FY *100) / Average no. of persons employed in the category in the FY

Note: Only voluntary separations are considered

Details of Parental Leave

Department/Fund	No. of Employees Entitled to Parental Leave		No. of Employees that Took Parental Leave		No. of Employees Who Returned to Work after Parental Leave Ended	
	Male	Female	Male	Female	Male	Female
All Departments	29,143	1,391	228	43	228	42

Return to Work and Retention Rate

Category	FY24		FY23	
	Male	Female	Male	Female
Return to Work Rate	100%	98%	100%	90%
Retention Rate	62%	28%	63%	43%

Out of 254 employees, 123 (Male- 113 and Female-10) employees retained after 12 months

Skill Development and Learning Initiatives

Particulars	Average Hours of Training
Management	25.09
Non-Management	40.59
Permanent Male Employees	40.90
Permanent Female Employees	32.47

LTF strongly emphasises the overall development of its employees through talent management and a nurturing people culture. Tailored functional and behavioural training programmes are conducted based on individual needs identified during annual performance reviews, and executed effectively with the involvement of internal and external specialists. Additionally, your Company provides workshops and training sessions to promote the health and well-being of its employees. The adoption of ethical practices is a key focus and LTF's employees undergo mandatory trainings to ensure the adoption of ethical practices.

Facilitated by the dedicated e-learning portal, e-Gurukul, and the use of gamified simulations and byte-sized learning for front-line staff via Gurukul, WhatsApp, and the corporate radio, LTF has provided a robust learning architecture for its employees. LTF's supportive work environment encourages the exploration of new ideas and promotes learning from experiences. The LMS-MPower platform further contributes to this commitment by offering personalised online learning experiences, empowering employees in their continuous expansion of knowledge and skills. In summary, your Company's dedication to talent management and a positive people culture is demonstrated through targeted training, employee well-being initiatives, and a comprehensive learning framework fostering continuous development. In addition, a few of LTF's Senior Leaders have been nominated for international leadership development courses, which further demonstrates your Company's commitment towards talent development and building leadership pipeline.

Following are some notable programmes from a learning and development perspective:

Parichay – Employee Induction Programme

LTF introduces recruits to its Values, Culture, Business, and Goals through the 'Parichay' programme. This initiative ensures that employees gain the essential knowledge and skills to perform their roles efficiently. The programme covers key areas, including Know Your Customer, Code of Conduct, Prevention of Sexual Harassment, Information Security Awareness, and Operational Risk Management. It also addresses topics related to ESG and your Company's specific commitments. In FY24, all new employees underwent ESG training through Parichay, with the training module available in 8 regional languages.

Case Study

Role Appreciation Programme (RAP)

The Role Appreciation Programme (RAP) combined with the Induction (Parichay) initiative, represents a pioneering approach in the realm of employee onboarding and integration within LTF, particularly targeting the frontline employees engaged in the Micro Loan business.

RAP is a distinctive 4-day experience crafted to offer prospective frontline staff (ML Officers) a profound insight into their expected roles through an immersive blend of field visits and classroom training. This segment of the programme is designed to provide candidates with a transparent overview of LTF's operations, the intricacies of micro loan servicing, and a realistic preview of a day in the life of an ML Officer.

The uniqueness of RAP lies in its approach of informed consent, where candidates, post the experiential learning phase, decide on their commitment to join LTF, thereby ensuring the alignment of expectations on both ends.

This programme was launched in December 2022 in a phased approach covering 16 regions. By March 2024, the programme outreach expanded to 83 regions in 1,816 branches across India.

Tangible Benefits of RAP

LTF observed an increase in the number of hires in RAP regions and a decrease in attrition by 19%, as compared to the non-RAP regions. Also, RAP regions experienced an infant attrition rate of 4% as compared to 7% for non-RAP regions.

Intangible Benefits of RAP

Culture Integration

By emphasising LTF's values, mission, and culture through immersive experiences and storytelling, the programme helps new hires align with and contribute to your Company's culture effectively. In addition, your Company hires candidates who are aligned with its values and culture.

Standardisation of Information

LTF has also developed a comprehensive training handbook for the trainers. This ensures that all new hires receive consistent information about Company policies, procedures, and expectations, and promotes uniform understanding and adherence across the organisation.

Aspire – Identifying Our Next-Gen Managers

Aspire stands as a unique initiative, introduced as a succession programme customised for front-line employees, specifically those in the sales team. This programme focusses on capacity building to prepare and enhance the skills of sales employees, enabling them to evolve into high performers and reach advanced levels of proficiency and knowledge.

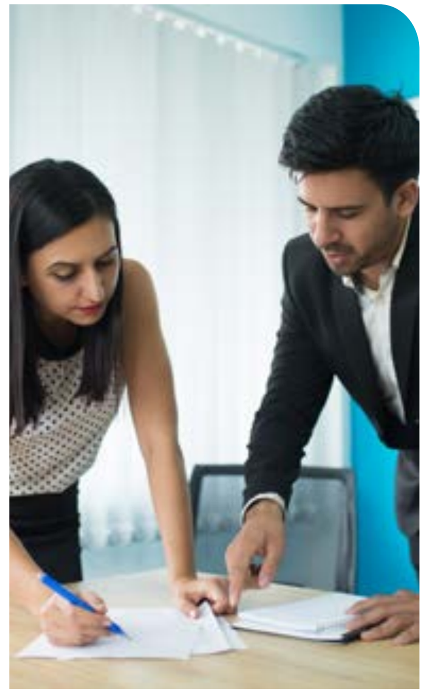
The Aspire Programme actively promotes upward growth within retail enterprises by assessing top performers and entrusting them with additional responsibilities. A noteworthy 2,000+ employees actively participated in the Aspire Programme, successfully getting higher roles within LTF. This initiative significantly contributes to the professional development and internal advancement of front-line employees, particularly in the sales team.

To strengthen the skills of the sales team further, dedicated training programmes have been designed on improving behavioural and functional aspects. These programmes cater to the requirements of different business verticals. For example, 'Better than the best BM', and 'Managerial Excellence' are focussed on behavioural aspects to build better understanding within teams for higher performance and managerial capabilities of vintage Area Sales Managers, whereas 'TW Sales Pro' addresses how to improve sales percentage and the Two-Wheeler business. Through these programmes, 2,370 employees have been trained and benefited.

Management Trainee Programme

Every year at LTF, engineering and management graduates are recruited through campus drives to infuse the organisation with fresh ideas, youthful energy, and future leaders. In FY24, your Company covered more than 29 institutes and provided placements to 139 people under this programme.

Once recruited, the LTF team engages with the Graduate Engineering Trainees (GT) and Management Trainees (MT) through pre-joining engagement activities, which provide



them with insights into the industry, your Company, and its culture to instil a sense of belonging in the organisation.

The trainees are then provided with a structured Orientation Programme 'Udaan' which serves as the cornerstone to providing every GT and MT with all the tools they require to succeed on the job and clarity on the career path they can forge with LTF while instilling LTF's values of Ambition, Pride, Discipline and Integrity, making them brand evangelist.

Udaan begins with an orientation from the members of the HR team and the Senior Management who interact with the trainees and offer them insights into the organisation's values, legacy, and business. The duration of the Udaan programme varies from a week to a month, depending on the role the trainee is hired for. The initial week focusses on the campus-to-corporate programme, understanding of the

Company culture, businesses, and their journey with LTF, while the remaining weeks are focussed on customised technical training.

LTF's commitment to providing the trainees with a comprehensive and holistic experience does not end with orientation. It also includes various channels of engagement at pre-defined junctures throughout their journey with LTF, to ensure their assimilation in the organisation and empower them to grow with LTF.

Leadership Development Programme

The Leadership Development Programme was launched to address three key imperatives: to mitigate people risks by building the capabilities of the leadership talent pool, to create a succession plan for critical roles, and to provide a multipronged career path for leaders which is aligned to their professional aspirations and the LTF ambition of 'Lakshya 2026'.

The Leadership Development Journey FY24 was conceptualised and designed as a highly personalised learning journey involving two aspects 'An Inward Journey' and 'An Outward Journey'

'The Inward Journey or Phase I' of the Leadership Development Programme was focussed on obtaining and analysing insights from two sources– Hogan Assessments, which provided the participants insights on how they can leverage their strengths and manage their probable derailers through greater self-awareness, and Manager Assessments for an external assessment of the behaviours the participant exhibits when placed in actual work situations. The responses received from both these tools were mapped to predefined competencies which were benchmarked for LTF leadership.

These insights were then shared with the participants through a Hogan Debrief session which formed the basis of their Individual Development Plan, characterised by learning, experiences, and exposure.

An analysis was conducted on the Hogan Assessment, Manager Assessment and finally, a development need analysis was prepared. This analysis was then mapped to the Individual Development Plan created by the participants to identify individual, department, and Company level areas of strength and development.

These insights then culminated in the curation of 'The Outward Journey or Phase II' after extensively focussed group discussions with the Senior Management to align individual, department, and Company learning needs. The Phase II involved development workshops that commenced in FY24. These workshops were on the topics of mastering emotional intelligence, building and sustaining trust, and driving change.

The Phase III of the Leadership Development Programme involved a workshop on 'Crucial Influence'.

Additionally, byte-sized learning articles were shared with participants every month to reinforce specific competencies.

LTF also provides Coursera licenses for select employees and provides the access to a library of certification courses to develop required niche skills. The Managerial Development Programme for the frontline supervisors continued during the reporting period to enhance managerial abilities.

The detailed coverage of skill development and learning initiatives are mentioned in the BRSR Section.

Long Range Planning

Boot Camp

Your Company organises a Boot Camp at the end of every third quarter in a given Financial Year. This year, the Boot Camp was also followed by a Long-Range Planning exercise. The Camp is aimed at preparing a roadmap for the next financial year, allocating resources, mitigating risks and devising a framework for objective decision making throughout the year. All Senior Leaders and business heads play a pivotal role in the Boot Camp as they brainstorm together and provide inputs to grow the business.

Employee Perks and Incentives

Full-time employees at LTF are entitled to various benefits, such as gratuity, provident fund, healthcare coverage, and insurance (including medical, accident, and life insurance). Your Company provides flexibility to its employees to include defined family members in the insurance plan or payment of additional premium. Additionally, they can redeem benefits, such as parental leave and leave encashment. Employee Stock Ownership Plans (ESOPs) and a Matching Grant Scheme are provided as long-term incentives for the employees. Over 67% of your Company's employees are eligible for Employee State Insurance (ESI) benefits. Your Company has an empanelled third-party to provide Group Mediclaim to all employees. It has collaborated with Connect n Heal, a leading health-tech Company that offers online medical services round the clock ensuring accessibility of medical assistance to all the employees and their family members. Moreover, LTF's employees can avail benefits, such as annual health check-ups and offline consultations with physicians (weekly).

LTF's Company policy includes parental leave for its employees. Your Company's female employees are provided with maternity leave support, along with post-maternity leave support which is amongst the best in the sector, job security, and women-friendly working norms, such as a separate child-care policy, part-time working, and leave of absence. LTF offers continuous five-day paid paternity leave to all new fathers for the first two children. All male and female employees are entitled to parental leave under the Company policy.

Occupational Health and Safety Measures

LTF highly values the health and well-being of its employees, recognising that a sustainable and predictable working environment contributes significantly to the overall productivity and value of your Company. Your Company has implemented various initiatives dedicated to enhancing employee health and safety. These efforts signify LTF's commitment to creating a workplace culture that prioritises the physical and mental well-being of its employees.

Employee Health and Wellness Programmes

LTF has implemented several measures to enhance the well-being of its workforce like Stepathon 2.0, workshops on physical and mental well-being, awareness programmes on health and safety, and benefits offered by your Company. Periodic monitoring and reviewing of all safety appliances like firefighting equipment, artificial defibrillators, and mock drills, amongst others is also carried out. Furthermore, your Company is a signatory of the 'WASH' initiative. Employees are provided with ergonomic chairs and furniture to facilitate good posture and working conditions.

The key facilities for ensuring health and safety include:

- Virtual on-call doctor and doctor consultations on 53+ specialisations through the app for employees and immediate family members
- Discounts on medicines and lab facilities
- Annual health checkups for employees
- Mediclaim benefits for employees and coverage for their parents depending on the policy opted for
- In case of the untimely death of any employee, the nominee receives a sum of ₹ 2,00,000 as ex-gratia payment and employee's last monthly salary for a total of 24 months. Children of the deceased employee are covered by LTF for their education up to graduation, with an amount of 1 Lakh granted to each child (to a maximum of 2 children) annually. Assistance is also provided to the spouse for vocational/professional education, to enhance their employability
- Governed by the Employee Welfare Committee, since inception, April, 2021, 23 families have been supported under the initiative

Meal Facility, an Employee Well-Being Initiative

As the duties of most of LTF's frontline sales employees include hours of fieldwork, their health may suffer due to excessive fast-food intake. Last year, your Company launched the 'Meal Facility' for small branches of Rural Business Finance to provide access to healthy and hygienic home-cooked food. LTF provided one-time financial assistance to set up the facility. In FY24, your Company extended this facility to more than 700 branches in 8 states Pan India.

Some of the key benefits of the meal facility include:

Healthy Eating

Encourages employees to eat homemade healthier meals and snacks, which can lead to improved overall health and well-being

Convenience

Saves time and money for employees who might otherwise need to leave the office to find food options

Social Interaction

Provides a space for employees to gather, interact, and build relationships over meals or coffee breaks, fostering a sense of belonging

Customisation

Allows employees to personalise their meals according to their dietary preferences or restrictions, while promoting inclusivity

Stress Reduction

Provides a relaxing environment where employees can take short breaks, unwind, and recharge during hectic workdays

Employee Retention and Recruitment

Demonstrates LTF's commitment to employee well-being, which can attract top talent and improve employee retention rates

Environmental Impact

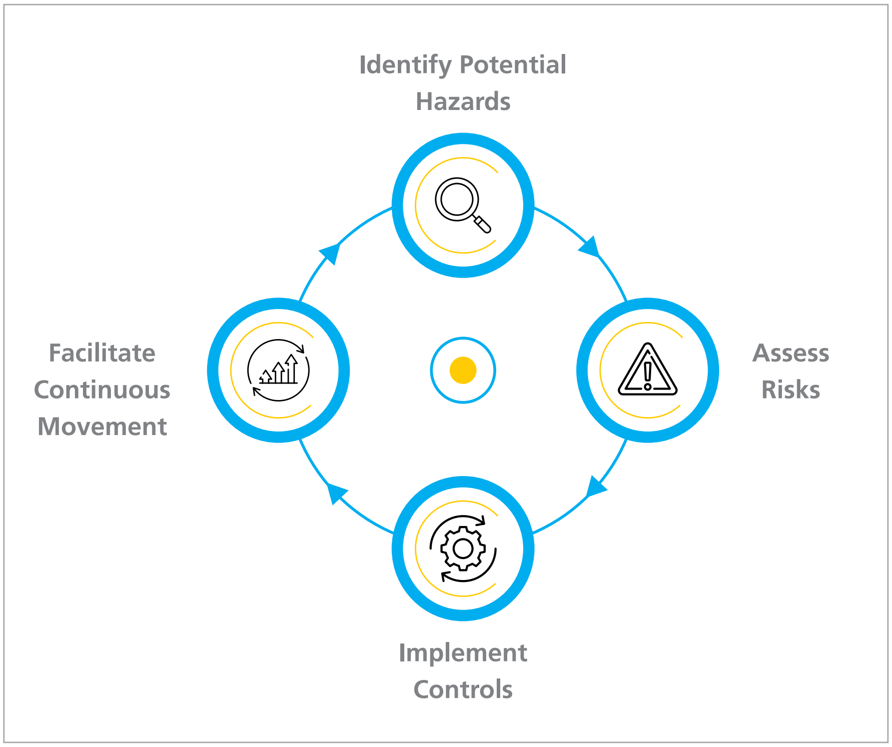
Reduces the need for single-use plastics and packaging associated with purchasing meals outside the office, contributing to sustainability efforts

Promoting a Safe Workplace

Ensuring workplace safety and mitigating risks are fundamental aspects of any organisation's sustainability efforts. To uphold these principles, LTF has implemented a comprehensive Hazard Identification and Risk Assessment (HIRA). This assessment was carried out at LTF's Head Office and across its 14 branches, covering zonal offices and small branches, and aimed to proactively identify hazards, assess associated risks, and implement measures to prevent accidents and promote a safe working environment.

Your Company identified key internal stakeholders to be trained on conducting HIRA. A hybrid training (onsite and virtual) was organised by an external expert for employees across Facilities and Channel Management, Human Resources, Risk, Corporate Social Responsibility and Internal Audit Teams, creating master trainers who, in turn, will train other employees.

Key Objectives of the HIRA Process



The implementation of the HIRA process aims to ensure a significant reduction in workplace accidents and incidents. By systematically identifying hazards and assessing risks, compliance with relevant regulatory requirements and industry standards is ensured. Proactively addressing hazards and risks helps avoid costly accidents, insurance claims, and regulatory fines. Your Company ensures that the workplace is designed to be secure. All branches are equipped with regularly monitored and refilled fire extinguishers. Guidelines for using fire safety equipment are communicated consistently. At HO, a UVC nanotechnology AC system has been installed to provide a safe and germ-free working environment for employees. Your Company is also committed to spreading awareness about the well-being of individual employees. On periodic intervals, sensitisation emailers are sent to employees regarding workplace ergonomics and Air Quality alerts. Additionally, your Company has also distributed helmet and safety gears for its frontline employees.

The expenses incurred for ensuring the well-being of employees and workers for the current financial year is ₹ 34.74 Cr.

Further, the details of training on health and safety parameters for employees are mentioned in the BRSR Section.

Road Safety Awareness

LTF significantly emphasises road safety, as over 70% of its workforce works in field-based roles that require frequent road travel. To ensure the safety of these employees, your Company has incorporated a comprehensive mandatory road safety session as part of its induction programme. These sessions utilise a combination of case-based studies and audio-visual material to educate new employees on road safety. New hires are trained by experts on road safety and EMI collections. A process to collect EMI's safely has been developed. Employees have been mandated to use helmets during travel. Your Company also provides helmets and reflectors for the employees on field.

Creating a Positive Work Culture

At LTF, employee involvement is integral, contributing to a positive work environment, reduced turnover, increased productivity, stronger customer relations, and heightened profitability. The performance management system aligns with your Company's commitment, ensuring fair rewards for employee efforts. Various engagement methods, including Employee Connect via WhatsApp and Corporate Radio, foster communication, address concerns, and manage queries efficiently. Open two-way communication is promoted at all levels, evident in annual performance reviews and feedback. LTF also cultivates a sense of belonging through festive celebrations, events, and health campaigns.

Employee Engagement Events

Pre-Engagement Initiative

Your Company ensures a seamless experience for its employees even before they are onboarded. The pre-engagement initiative provides insights to recruits on the organisation, culture, and values through interactive mailers, quizzes, and a variety of activities for faster assimilation into LTF.

Employee Engagement Survey

LTF has not only set a target to conduct an Employee Engagement Survey in FY25, but also has already initiated the process using the 'Great Places to Work' framework.

Hackathon

To drive fraud prevention and a culture of awareness within the organisation, initiatives like the Jankaar Baniye Savdhaan Rahiye campaign and Sachet Awards were implemented for LTF's employees. Given the criticality of the topic to its business, LTF organised the Hackathon 4.0 for Pan-India employees. The themes included a unique fraud modus in business, system/process vulnerability, digital solutions for fraud prevention, and data analytics use cases for early fraud detection. Notably, around 280 employees participated in the Hackathon.

L&T Quiz Wiz

LTF partnered with the L&T Group Quiz Wizto enhance employee engagement. Employees, in teams of two, voluntarily participated in the quiz and the winning team competed with over 20 L&T Group companies to emerge as second runners-up. Quiz Wiz had 5400 participants and 2,700 teams from different L&T companies.

Stepathon

LTF Stepathon 2.0, a 60-day challenge, was launched with a two-fold objective of engaging employees while encouraging them to focus on their health and well-being. Over 2,000 employees from across the country participated by forming teams of around 10 members each. Winners were announced for two categories–the Individual and the Team, with the highest steps at a regional level and the organisational level. To inculcate the habit of walking daily and to encourage them to adopt a healthy and active lifestyle, employees were allotted Power Hours in the morning and evening on weekdays, with every step taken during these hours doubled in count.

Festivals and Celebrations

To promote a spirit of camaraderie and a sense of belonging, LTF celebrates regional and national festivals. As a part of its Independence Day celebrations this year, a canvas was sent to different locations across India and employees were encouraged to leave their handprint on the canvas to demonstrate their collective strength and resolve to achieve disproportionate growth by unleashing the power of 'One Team One Lakshya'.

Teacher's Day was celebrated as Mentor's Day where employees sent Thank-You Cards to their mentors in appreciation of what they learned from them. The festivities of Ganesh Chaturthi, Navratri, and Durga Puja were also celebrated across LTF offices. Your Company also celebrated the Joy of Giving Week and encouraged all its employees to show acts of kindness for a week for themselves, for others, and the world at large including an e-waste collection drive.

During Diwali, employees were encouraged to begin the festivities by cleaning their desks and decorating them, followed by participation in a fun-filled rangoli-making competition. Employees also enjoyed an exciting Diwali Mela with lots of activities, games, and festive vibes which brought them together. True to the essence of Diwali, employees were given the opportunity to make the Diwali brighter for vulnerable people through purchases from the NGO stalls that were set up for 3 days at HO. Finally, on Dhanteras, employees participated in Laxmi Pooja and conducted a lamp lighting followed by prize distribution for all the games.

Christmas celebrations across the world always begin with families coming together to decorate a Christmas Tree. The LTF family too, decorated the Christmas tree together. The HR personnel organised a Jingle Bell Hunt, which filled the office premises with fun and laughter, ending the year on a joyful note

Furthermore, the women's day celebration involved special programmes for women employees which included the following:

	Duration	Participants
Women Leaders Panel Discussion	1.5 Hours	200
Financial Wellness Training	2 Hours	215
Health and Wellness Webinar	1 Hours	131

Employee Initiatives

Boondein, the CSR volunteering initiative of LTF, fosters a participatory culture and builds the CSR ecosystem, offering employees opportunities to use their skills and time for community service. Your Company is dedicated to cultivating a cooperative and helpful culture, creating synergies between CSR beneficiaries and employees. This approach has heightened employee awareness of CSR projects, leading to more significant contributions. Employee volunteering extends beyond HO and to the branches. Your Company targeted to increase employee volunteering hours by 10% in FY23 as compared to FY22. In FY24, over 360 employees engaged in virtual and on-ground volunteering, contributing 448 hours. LTF's commitment showcases its positive impact on the served communities.

Details of Retirement Benefits, for the Current and Previous Financial Year

Category	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	No. of Employees Covered as a % of Total Employees	No. of Workers covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)	No. of Employees Covered as a % of Total Employees	No. of Workers covered as a % of Total Workers	Deducted and Deposited with the Authority (Y/N/N.A.)
PF	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	67	NA	Y	72	NA	Y
Others, Please Specify	–	–	–	–	–	–

Rewards and Recognitions

LTF values excellence, acknowledging its outstanding employee performance through initiatives such as Star Awards, Rising Star Awards, and Wall of Fame Awards, recognising and celebrating exceptional achievements within the organisation.

Star Awards

Star Awards, the highest recognition award at LTF, honours employees showcasing outstanding performance, and embodying LTF's core values. They exemplify the 'One LTF' philosophy by collaborating across boundaries and contributing to your Company's transformation agenda.

LTF received 4,061 employee nominations and 17 team nominations, among which 320 outstanding employees were recognised. The comprehensive and stringent selection process is involved in various stages of assessment by business leaders. In FY24, 7 teams, comprising of 82 employees, received the award.

Rising Star Awards

Introduced in FY22, the Rising Star Awards, an annual event exclusively for frontline employees, celebrated over 623 high performers during the reporting period. They were honored in grand ceremonies held across five locations.

Wall of Fame

The Wall of Fame, a monthly initiative, to recognise and reward high-performing employees across business verticals is based on pre-defined criteria which are circulated every month.

The 2,990 winners receive a certificate, cash reward and special recognition from the senior leadership. Their exemplary performance is also published on the Workline Portal, for your Company to acknowledge and appreciate these top performers, inspiring other employees to emulate the same.

Long Service Awards

In April 24, LTF introduced the Long Service Awards, rewarding and recognising its long service awardees during an annual event, which will be conducted periodically, going forward.

Employee Grievance Redressal Mechanism

LTF prioritises transparency and accessibility for all employees throughout its operations. Your Company's employees can express concerns through designated channels. They can report Code of Conduct violations by sending emails at code@ltfs.com, which are then reviewed by the Code of Conduct Committee led by senior officials. Instances of harassment are addressed through wecare@ltfs.com, and investigated by the Internal Committee comprising Senior Leaders. For any unethical behaviour, employees can report to whistleblower@ltfs.com. Your Company is dedicated to swift grievance resolution through these avenues.

Number of Complaints on the following made by Employees and Workers

Category	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Filed during the Year	Pending Resolution at the End of the Year	Remarks	Filed during the Year	Pending Resolution at the End of the Year	Remarks
Sexual Harassment	1	0	0	0	0	0
Discrimination at the Workplace	0	0	0	0	0	0
Child Labour	0	0	0	0	0	0
Forced Labour/ Involuntary Labour	0	0	0	0	0	0
Wages	0	0	0	0	0	0
Other Human Rights Related Issues	0	0	0	0	0	0

HR Digitisation

In pursuit of the Fintech@Scale ambition of LTF, it is imperative to cultivate a culture that not only propels a digital mindset but also upholds principles of empowerment and responsibility. Alongside, it shows your Company's commitment towards employee care and easy accessibility.

LTF is committed to strengthening its governance at all levels of its operation, including the recruitment process. During the hiring process, background verification is one of the crucial steps ensuring effective selection of candidates with thorough background checks. To make this process robust, LTF has implemented Pre-Offer Background Verification with the help of an external platform namely 'TRST Score'. This platform fetches information of the prospective candidates by completing 3 steps checks. This three-step process involves verification of the PAN Card, and the combination of the PAN Card plus the UAN number and the Aadhar card. This process helps to fetch the employment history of a candidate and verifying against the job role, the candidate has applied for. Your Company is one of the pioneers in the NBFC sector to have implemented this approach. LTF has a QMS forum, wherein employees can raise their queries, complaints, and issues. For easy accessibility, they can use chat bots and service now tickets amongst other options. On the whole, the employee life cycle has undergone end-to-end digitisation as a result of such developments.

Strategic Contribution of Human Capital

LTF strategically leverages its human capital to achieve various business goals based on its 5-Pillars to create a sustainable and predictable retail franchise. Among all the goals, effective communication, collaboration, and a focus on employee development play crucial role. The details are mentioned as below:

Enhancing Customer Acquisition

- Trains sales members in effective communication and customer relationship management
- Has a community page/radio podcast on market trends for better customer understanding.

Sharpening Credit Underwriting

- Trains staff on financial analysis and risk assessment techniques
- Encourages collaboration between sales and credit teams for better information exchange
- Invests hours in ongoing education for employees to keep up with industry regulations

Implementing Futuristic Digital Architecture

- Establishes a dedicated team for researching and adopting cutting-edge digital technologies
- Digitises the end-to-end HR processes
- Conducts technology workshops to upskill employees and embrace digital transformation

Heightened Brand Visibility

- Empowers employees to be brand ambassadors through consistent messaging
- Encourages staff to engage in community events and social media to boost visibility
- Invests in marketing and communication training for relevant teams.

Capability Building

- Institutes training programmes at every phase of employee lifecycle
- Encourages a culture of continuous learning through workshops
- Conducts continuous performance and career development reviews
- Covers 100% employees under mandatory module trainings

L&T Finance

SOCIAL AND RELATIONSHIP CAPITAL

Alignment to UNSDGs

1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION

Value Chain Engagement

- Customer Relationship Management
- Local Community Development
- Financial Inclusion
- Impact on Rural Livelihood

Key Performance Highlights

₹ 23.83 Cr
Total CSR Spend

₹ 18.03 Cr
Spend Over and Above the CSR Obligation

12.70 lakh+
CSR Beneficiaries

1 lakh+
Beneficiaries Linked to Social Schemes

₹ 60 Cr+
Social Convergence Value

2 lakh+
Beneficiaries of Digital Seva Kendras

42 lakh+
CSR Beneficiaries (Until Date)

₹ 123 SROI
Completed Digital Sakhi Projects

ISO 26000:2010 Social Responsibility
Certificate of Conformance

64.20 lakh+
Number of Women Borrowers

32.74 lakh+
Number of Repeat Women Borrowers

54
Overall Net Promoter Score (NPS)

LTF is dedicated to growing its business while also supporting societal progress and enhancing the nation's resilience. Hence, your Company consistently strives to create products and services that meet its customers' socio-economic and financial goals while aligning with the Sustainable Development Goals (SDGs). Your Company believes that its responsibility towards the community goes beyond legal obligations, emphasising the importance of moral duty. LTF is actively involved in various developmental programmes to uplift the community. These programmes include initiatives in rural development, education, women empowerment, and disaster preparedness. By investing in these areas, LTF aims to improve both physical and social infrastructure, and empower marginalised individuals from across the country. Your Company's strong relationships with various stakeholders such as customers, suppliers, partners, and community members has helped LTF build reciprocal trust.

Customer Centricity

A pillar that stands as the cornerstone of LTF's business strategy

Strategic decision-making now incorporates the diverse needs and preferences of customers, emphasising the highest level of service quality. The introduction of customer-centric products not only deepens engagement but also reshapes the overall product growth strategy.

100%
Rural Group Loans and Micro Finance Sourcing done by Employees through the Mobile Application

91 lakh+
PLANET App Downloads

As part of LTF's portfolio expansion, your Company has launched new products such as Micro LAP and agri-allied loans, which include warehouse receipt finance in FY23. LTF is dedicated to ensuring financial inclusion by providing access to finance nationwide and accommodating individuals from all backgrounds. This approach caters to a broad spectrum of customers while specifically targeting marginalised and underserved sections of the society.

In FY22, LTF launched the PLANET App, which caters to customer needs by offering its services and products as a one-stop solution for customers. The PLANET App is considered as a strategic step in the 'Lakshya 2026' plan. It aims to provide a unified customer experience, while helping LTF scale its business digitally for its customers through a seamless journey. PLANET App is available in 12 Indian regional languages, keeping in mind both urban and rural customers of your Company. The App serves as a geo-agnostic sourcing and servicing channel.

LTF continues to innovate and provide new products and solutions to become more accessible to its customers. Your Company has introduced a Customer Datamart offering a 360-degree view of the customer, thus enabling your Company to provide personalised services to its customers. Furthermore, your Company has also implemented an end-to-end digital native and assisted journey to facilitate onboarding for Two-Wheeler loans. While taking customer satisfaction to the highest level, LTF ensures that even safety levels are world-class. Your Company has deployed a host of Information Security Practices aimed at safeguarding its digital assets and more importantly enhancing the safety of its customers across different categories. It also follows a comprehensive data privacy framework.

LTF continues to expand its brick-and-mortar presence to reach the underserved sections. As your Company tries to on-board more first-time customers, it wants to be close to them and have local people handhold them and make their financial journey simpler. At the same time, expanding in rural areas helps create jobs for the local community.

With a relentless focus on ensuring the best-in-class customer experience, LTF strives for product excellence, integrating data analytics, expanding digital channels, introducing innovative products, and strengthening its pan-India presence in a sustainable manner.

Safety of Customer Information: Customer Privacy

LTF considers customer privacy to be a top priority. Your Company has implemented a Data Privacy Policy that lays out measures regarding customer consent and data protection, including security standards and procedures for the use, disclosure, and sharing of sensitive personal data or information provided by individuals. It takes great care in storing and using customer data judiciously, with regular

monitoring of systems to prevent data leakages. Your Company is committed to keeping its customers well-informed about the various uses of their data. In FY24, no complaints were received concerning breaches of customer privacy from customers, outside parties, or regulators. Your Company strives to maintain transparency with its customers, while providing them with clear and concise information about its services and processes. Moreover, LTF provides customer-centric training to its frontline staff, enabling them to deliver exceptional services that align with your Company's values and policies, especially customer privacy and its importance. The value proposition of your Company's products is communicated in a transparent and straightforward manner to target customers regularly.

Customer Satisfaction

It is essential to understand the customer's dynamic needs on a continuous basis to enhance customer experience. With this intention, LTF has established a strong system for assessing customer satisfaction. Various customer-centric approaches have been implemented to enhance the level of trust, loyalty, retention, and satisfaction. These efforts extend to areas like product design, data privacy, engagement channels, and customer education. Apart from the PLANET App, the chatbot and WhatsApp bot that offer 24/7 services, along with recent initiatives such as Customer Datamart, and other digital journeys contribute to increased customer satisfaction.

26,762

Complaints Closed

27,529

Complaints Received

These platforms enable customers to conduct transactions, access statements, and check service details online. Additionally, customers can inquire about their investment valuation and request e-statements with a simple missed call.

LTF undertook its maiden Net Promoter Score (NPS) initiative to gauge customer loyalty and satisfaction across all its products during the customer onboarding journey. Each product had its own set of questions tailored to evaluate specific aspects like the loan disbursement process, explanation/ clarity, and support quality, among others, covering various aspects of the onboarding journey, thus leading to identification of areas for improvement. The overall onboarding NPS score was +54 and the response rate was 1-2%. All customers onboarded from February 2024 onwards were included in the survey. Dissatisfied customers were proactively reached out to, and their dissatisfaction was addressed. The Voice of Customers (VOC) is being utilised to make course corrections in the journey and has become a source of identifying process improvement.

Furthermore, feedback was sought from customers who rated the PLANET App between medium to low, and changes/resolutions were done to incorporate the feedback. Post the incorporation, 72% positive feedback was received on the same.

As part of the LTF's effort to understand its customers' perceptions and behaviours better, your Company launched a dedicated nationwide study. The study covered customers belonging to various categories and helped it form an idea of the consumers' understanding and expectations from the category. Based on these findings, LTF is taking steps to develop and strengthen its customer centricity.

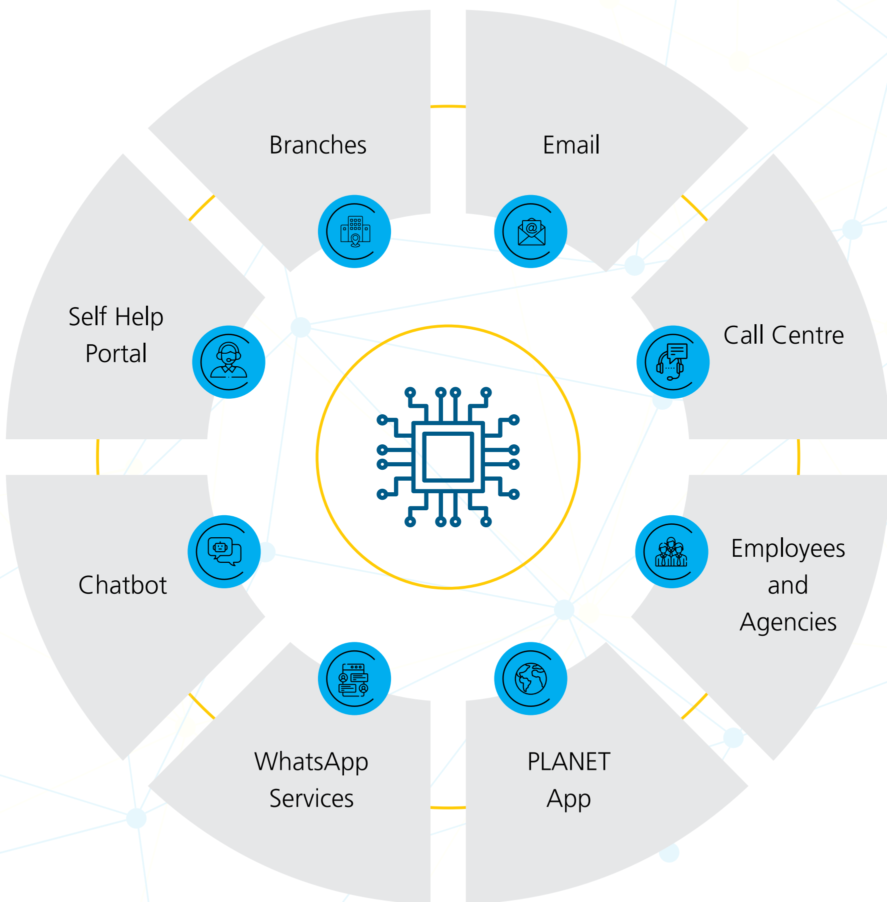
Customer Outreach

LTF's business activities and contributions accord with India's goal of achieving financial literacy and inclusion, in alignment with the National Strategy for Financial Inclusion 2019-2024, for expanding and sustaining financial inclusion in India, involving all stakeholders in the financial sector.

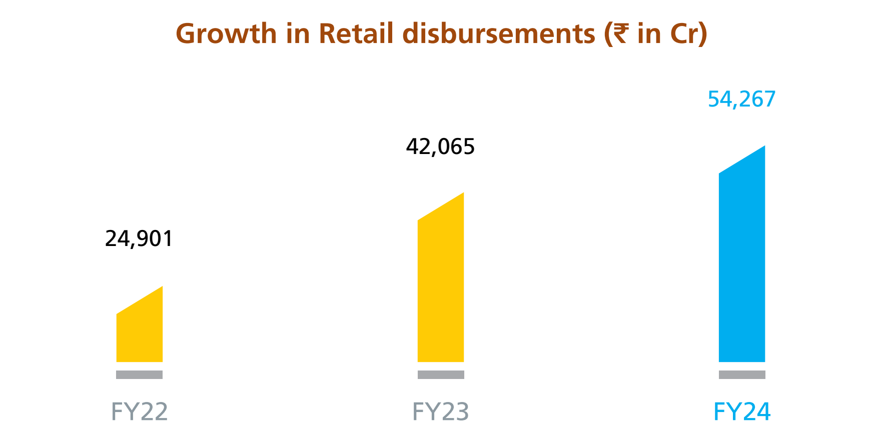
LTF prioritises guiding its customers in making informed financial decisions. Robust systems are established to ensure customers have consistent access to comprehensive information through the PLANET App. As part of its customer engagement approach, your Company is dedicated to establishing a comprehensive omni-channel customer ecosystem. This includes creating a seamless customer engagement platform and implementing a system for precisely identifying customer expectations and needs. Additionally, digital analytics plays a crucial role in guiding the digital customer journey.

LTF has effectively integrated data analytics into sourcing, underwriting, and collections within each business segment. Your Company's inclusive growth strategy is centred on investing in underserved communities, bringing them into the mainstream economy. This includes efforts towards financial inclusion and a commitment to improving the quality of life for these communities.

Modes of Engagement



Growth in Retail Disbursements



Empowering Customers through Education and Awareness

LTF has implemented robust systems to ensure that customers always have access to all available information on its products and services. Additionally, your Company has developed a customer awareness training module, which is available on its website (www.ltfs.com) and covers topics like customer advisory, interest rate model, gradation of risk, schedule of charges, Prime Lending Rates (PLR), the ombudsman scheme, the self-help option, the list of terminated service providers, and the process of returning original property documents in the event of demise of borrower(s). LTF has also launched social media campaigns to promote cyber and digital safety, financial literacy, road safety, health, and environmental conservation.

LTF launched a risk awareness mascot Sachet Kumar with its campaign 'Jaankar Baniye Savdhaan Rahiye' to educate customers and employees on fraud trends and practices to be inculcated to stay protected from the same.

Customer Grievance and Resolution

Guided by the objective of offering the best 'Customer Service', your Company's Grievance Redressal Policy provides a comprehensive and organised approach to addressing customer concerns. There are multi-layered grievance redressal mechanisms like the branch walk-in, mails, calls, website, the WhatsApp bot and the PLANET App, through which the consumer complaints are received and responded. Welcome kits, emailers, and letters are shared with customers, containing contact information for call centres and website addresses, offering self-help options.

Your Company has implemented a three-level grievance redressal mechanism with an escalation matrix.

Level 1

Customer Service

customercare@ltfs.com
1800 268 0000

Level 2

Escalation

gro@ffs.com
1800 1020 476

Level 3

Escalation

pno@ltfs.com
1800 1038 712

The complaints received are carefully examined, and necessary steps are taken for their timely and effective resolution. Internal reviews are conducted to ensure the effectiveness of the mechanism and improvement of the quality of service. Customer and investor grievances are presented to the Board for review on a quarterly basis. Furthermore, LTF has established a dedicated Centralised Customer Service Team (CCST) for end-to-end management of customer complaints. This facilitates a focussed approach in handling customer complaints received through various digital and physical channels. For efficient redressal, system enhancements like the usage of bots have been undertaken to ensure that complaints and queries are adequately segregated and directed to the right team.

Your Company also initiated a special project by redesigning the Customer Service framework to address process related improvements. With continuous and persistent efforts from the teams involved, the volume of complaints showed a decreasing trend on account of reduction in customer issues related to digital payments, repeat SMS/Calls and reporting to the Bureau.

Some of the key changes implemented to enhance customer experience and satisfaction were as follows:

- The deployment of settlement NOC for settlement closure types to reduce CIBIL related complaints
- To reduce SMS/calls associated with complaints, the process was defined, where first-time customers were informed to register their mobile number in TRAI

Internal Ombudsman

LTF has appointed an Internal Ombudsman (IO), an independent person. Complaints received from the customers which were wholly or partly rejected by the organisation are referred to the IO for review as per RBI guidelines. The IO upheld these cases which had factual evidence validating your Company's decision. The IO also upheld cases post review of additional information/documents called for, to enable better and effective resolution of the customers' complaints. All the complaints for which the decision was overruled by the IO, were later discussed and resolved as per inputs from the IO. Awareness training was conducted during the year and subsequent reviews with the resolutions resulted in gradual reduction of rejected cases from 46% in April 2023 to 12% in March 2024. The IO is a permanent invitee to the Board level Committee responsible for dealing with customer protection/servicing issues. Necessary updates are provided by the IO to the said Committee quarterly.

Customer Service Committee

To review customer grievances and enhance the quality of customer service, an internal 'Customer Service Committee (CSC) was formed during FY24. The CSC of the organisation functions as the Standing Committee on Customer Service and is chaired by the Managing Director and Chief Executive Officer. The CSC meetings are attended by the Chief Executives, Business Heads and Vertical Heads, who are members of the Committee. The Committee focusses on building and strengthening the customer service orientation in the organisation by initiating various measures including simplifying processes for improvement in customer service levels. The Committee holds monthly review meetings to discuss service updates, ongoing projects specifically targeted towards the improvement of customer services, and appropriate actions arising from the discussions. NPS was one such initiative suggested by the CSC.

Consumer Protection Committee

A Board level Committee chaired by an Independent Director meets quarterly to review various customer service metrics like the count of complaints, adherence to the agreed TATs (bucket and product-wise resolution details), and the top categories of complaints with a focus on reduction of such complaints and the action plans thereof.

Customer Testimonials

Housing Loan

I feel immensely grateful for your active cooperation and your cooperation has been outstanding and commendable. Without your contribution, it would be difficult for me to get my loan pass in a short period. Thank you for your untiring efforts and diligent work. Hats off for your support and guidance.
- Kunal Khanna (Delhi)

Personal Loan

I have upskilled myself and look forward to starting my own ventures soon. Smooth process, disbursement in 15 mint of process completion. Extremely satisfied with the assistance of the call centre.
-Jasbir Kaur (Punjab)

Micro Loans

I have taken a 3rd loan from L&T Finance to run my clothing business. Firstly, I started the business from home and eventually got a rental shop which helped increase my customer base. I was able to grow my business with the help of this loan. Thank you for your on time support.
- Minabai Kevat
(Kannad, Maharashtra)

Two-Wheeler Loan

I really appreciate the No-Hypothecation scheme in which the interest rate is low and there is no hypothecation in the Registration Certificate Card, which makes it a lot easier for the customer during closure of the loan.
- Koushik Kalita
(Jorhat, Assam)

Farm Equipment Finance

My friend recommended LTF since they provide tractor loans at a lower interest rate than others, the loan process is simple, no physical documentation is required, payment was deposited the same day and I received the tractor within a week. My agricultural business has really improved thanks to LTF.
- Narayana (Telangana)

Hassle Free Process- Professional Loans

I availed a professional loan from L&T Finance. I am very happy to share my pleasant experience. Entire process was simple, quick and hassle free.
- Nithin Kala (Jaipur)

Value Chain Engagement

Value Chain engagement is vital for fostering sustainable business practices. By collaborating closely with lenders, suppliers, vendor partners, companies can ensure highest ethical standards, environmental responsibility, and social impact across their value chain. Effective engagement enhances transparency, drives innovation, and strengthens relationships for mutual benefit.

Developed in FY22, LTF has a publicly available Third-Party Code of Conduct to promote ESG awareness across its value chain. The Code of Conduct is applicable to vendors, borrowers, goods and service providers, and persons holding business relationships with your Company. It mentions their commitment towards the prevention of significant risks associated with incidents of child labour and forced or compulsory labour, among others. Your Company fosters an environment for its value chain partners, providing support and guidance on ESG considerations. This facilitates the value chain partners' incorporation of the ESG parameters into their business and operations.

Dedicated to embedding ESG practices in its operations, LTF had conducted an ESG assessment in FY23 with a few of its Facilities and Channel Management and IT vendors. In FY24, LTF conducted an exhaustive ESG Value Chain Assessment for >75% of upstream and downstream value chain partners by value (purchase/sales). This proactive measure aligns with the regulatory requirements, and demonstrates LTF's commitment to sustainable business practices. The responses from the survey were analysed to draw insights and understand the ESG maturity of the value chain partners. By evaluating the entire value chain, LTF aims to enhance transparency and mitigate risks. Below are the interim findings of the ESG value chain assessment study:

Environment

Policies and Standards

- 55.6% of companies have a formal environment policy
- 28% of companies have a climate change policy. Few companies from the financial sector have a climate change policy
- 20% of companies have one or more ISO certifications

KPIs

- 72% of companies monitor total energy consumption. Only 36% have renewable energy sources
- 55.6% monitor waste generation and recycling
- 60% monitor water consumption. 24% companies monitor water discharge, by destination and by levels of treatment.
- 44% quantify GHG emissions (Scope 1 and 2). Financial services and utilities companies were observed to monitor GHG emissions
- 44% monitor the plastic waste discharged and 40% monitor the e-waste generated

Social

Policies and Standards

- 88% of companies have a human rights policy
- 88% of companies have an anti-harassment and non-discrimination policy
- 68% of companies have a diversity and inclusion policy in place

KPIs

- 96% of companies monitors spending on measures towards well-being of your employees and workers
- 96% of companies (all except 1) extend benefits like health insurance, accident insurance, maternity leave and paternity leave available for employees and workers
- 84% of companies track the gross wages paid to females
- 100% of companies track complaints on sexual harassment (POSH)
- 72% track the number of POSH complaints that are upheld
- 92% of companies track total working hours
- 92% of companies have a process in place for recording employee feedback
- 44% of companies track the jobs created in smaller towns
- 56% of companies track fatalities and permanent disability related to work and safety-related incidents
- 40% of companies track the amount of input material (raw material) directly sourced from MSMEs within India
- 28% of companies calculate the percentage of input material (raw material) directly sourced from small producers within India

Governance

Policies and Standards

- 76% companies have whistleblower protection policy
- 100% companies have Code of Conduct outlining company's values, principles, and guidelines
- 92% of companies have Business Continuity Plan
- 84% of companies have a cyber security policy in place

KPIs

- 64% companies track the total sales to dealers/distributors and number of dealers/distributors
- 60% companies maintain a record of the top 10 dealers/distributors to whom sales are made
- 44% companies make purchases with related parties
- 56% companies track the number of purchases with related parties
- 60% companies track the sales to related parties
- 64% companies track the loans and advancements given to related parties
- 76% companies track the total loans and advancements given and the investments made in related parties
- 84% companies track the total investments
- 96% companies ensure the protection and privacy of customer data
- 88% companies track the loss/breach of customer data

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Embracing Corporate Social Responsibility (CSR) as an integral component of its operational philosophy, LTF is charting a course that intertwines profitability with purpose for doing social good.

Your Company believes that CSR goes beyond the conventional models to establish a symbiotic relationship with the society it operates in. LTF ensures that its commitment to Indian rural economy translates into social value creation, fostering growth and prosperity across its operational geographies with a special focus on the hinterlands.

Thrust Areas

Vision

Financial and digital transformation of the communities and creating sustainable livelihood opportunities

Mission

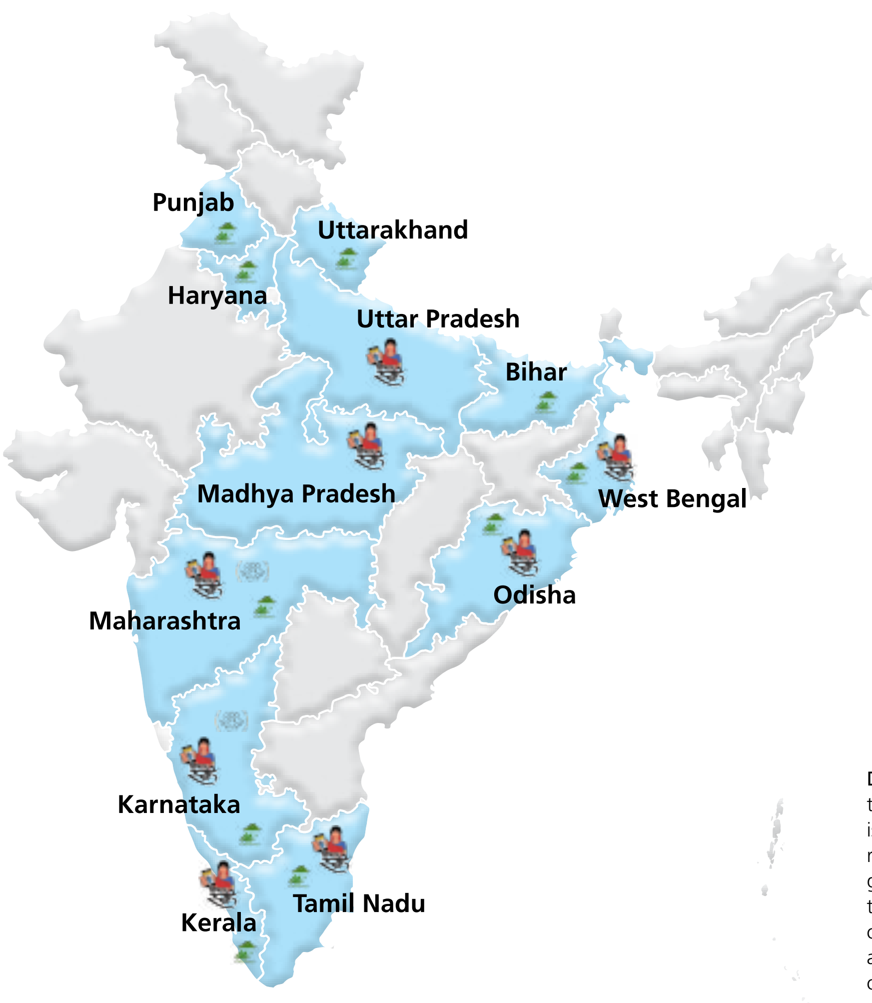
We strive to revitalize and create sustainable livelihood and financial ecosystem of and for farmers, rural women and youth

Your Company takes measures to enhance its impact through strategic CSR initiatives in digital and financial inclusion and disaster management, coupled with environmental conservation programmes such as Project Prakruti (horticulture plantation) and Capacity Building Programmes for Water User Groups. The other initiatives of road safety drives and healthcare initiatives are meeting the needs of the beneficiaries on a regular basis. The growth of these initiatives, parallel to the expansion of the Company, solidifies its commitment to social development.

Your Company is a responsible corporate citizen which aims to build an equal and resilient tomorrow for **communities at scale.**

Digital and Financial Inclusion	Disaster Management	Other Initiatives
Empowering Minds, Bridging Divides	Rising above Adversity, Building Resilience in Unity	Building and Nurturing a greener, Better tomorrow
		
Digital Sakhi	**Disaster Relief and Capacity Building of Water User Groups**	**Project Prakruti, Road Safety and Healthcare Initiatives, etc.**

Footprints



42+ lakh
Overall Outreach (Until Date)

12
States (Until Date)

21
Districts (Until Date)

1,800+
Villages (Until Date)

Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/States do not necessarily reflect the actual position. The Company or any of its Directors, officers or employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof.

LTF has chosen to focus its CSR efforts on rural and semi-urban India as your Company has a deep understanding of the development requirements in the regions where it is present and has the potential to drive substantial changes.

Digital and Financial Inclusion helps your Company unlock economic empowerment for rural communities, especially women, through the power of technology and the access to finance. This programme not only encourages financial inclusion but also triggers entrepreneurship among women and facilitates income creation by developing Digital Seva Kendra(s) offering essential community services and other businesses, hence responding to Sustainable Development Goal (SDG) 1 (No Poverty); SDG 8 (Decent Work and Economic Growth) and SGD 10 (Reduced Inequalities).

Disaster management is your Company's proactiveness to protect communities from natural disasters. It provides immediate relief material or kits which enhance community resilience and help them continue their fight against the negative effects caused by catastrophes in line with SDG 11 (Sustainable Cities and Communities).

Project Prakruti, while creating green cover, empowers local farmers by providing them with training, resources and support to cultivate horticulture crops with a focus on multiple cropping. The initiative aims to improve their income and standard of living through sustainable horticulture practices, leading to enhanced livelihoods, biodiversity and environment conservation, among others, in alignment with SDGs 13 and 15 (Climate Action and Life on Land).

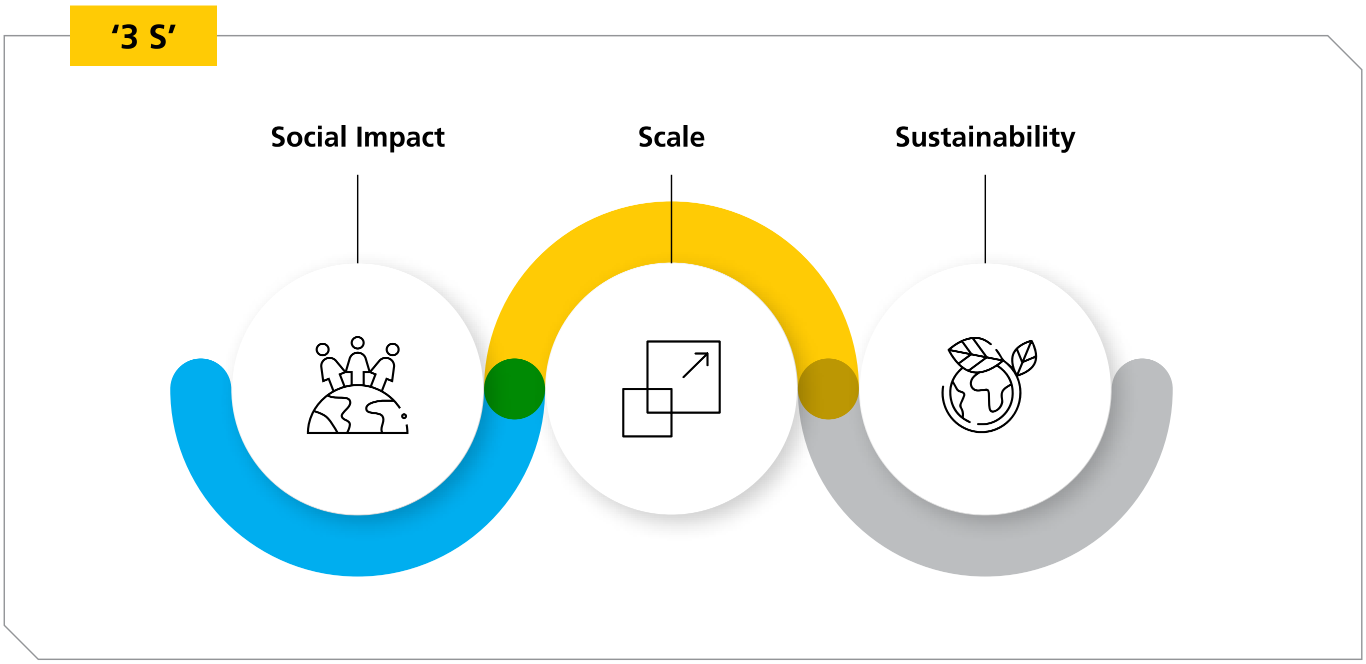
Moreover, your Company's other endeavours in road safety and healthcare represent a holistic approach to rural and semi-urban development, recognising the interconnectedness of safe riding practices, preventive health care services and contributing to SDGs 3 (Good Health and Well-being).

In essence, your Company's focus areas not only align with the broader global agenda of sustainable development encapsulated in the SDGs but also synergise with the Government of India's major rural development initiatives, amplifying their impact and fostering inclusive growth and prosperity in rural India which contributes to SDG 17 (Partnership for the Goals).

Through concerted action in these thrust areas, your Company not only fulfils its Corporate Social Responsibility but also emerges as a catalyst for positive change, forging a path towards a more equitable and resilient future for larger sections of the society.

The '3 S' Approach

LTF's CSR approach is deeply anchored in the core principles of inclusive growth and sustainability. Your Company's overarching objective is to enhance the influence of each initiative by embracing a holistic '3S Strategy':



Social Impact embodies your Company's commitment in designing all CSR programmes to gauge their efficacy in fostering positive change, thus ensuring alignment with its values and objectives.

Scale of your Company's CSR interventions encompasses various aspects including outcomes, resource allocation, strategic alignment, stakeholder engagement, and impact measurement.

Sustainability within CSR programmes guarantees that the outcomes of different CSR interventions have a lasting and enduring impact on the environment and communities at large.

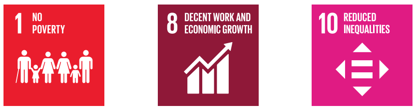
This approach has been instrumental in shaping a refined CSR roadmap extending until 2028 and ensures that there is an active involvement of all stakeholders in ensuring the successful implementation of CSR initiatives on the ground. Your Company recognises its stakeholders' significant role and therefore engages them at the very beginning of every project. Besides, what underpins this approach is creating strong community-based organisations that can stand the test of time while enhancing the realisation of intended goals, which is also critical from the sustainability point of view.

Major projects such as Digital Sakhi, water conservation, and Project Prakruti are meticulously designed to foster maximum community participation, thus paving the way for sustained success over the long term.

Your Company partners with credible NGOs/Civil Society Organisations with similar aspirations for implementation of CSR programmes.

Instead of spreading thin resources, your Company concentrates on focusing them strategically for generating sustainable positive impacts for communities at large.

The governance for CSR programmes has been made digital through the application of specialised CSR software, which enhances transparency and accountability. With such systems, there is strong monitoring as well evaluation capacity that allows CSR team members to closely follow through the implementation of annual plans and take necessary corrective actions when required.



Digital and Financial Inclusion

India has made significant strides in recent years towards achieving digital and financial inclusion for its vast population and achieving its vision of 'Digital India'. The Government, along with various stakeholders, has implemented numerous initiatives and policies to bridge the digital divide and ensure financial access for all citizens.

Despite these advancements, challenges persist in achieving full digital and financial inclusion in the rural areas. Moreover, digital and financial literacy remains a concern, as a significant portion of the population, especially comprising women in rural areas, lacks the necessary skills to use digital platforms effectively.

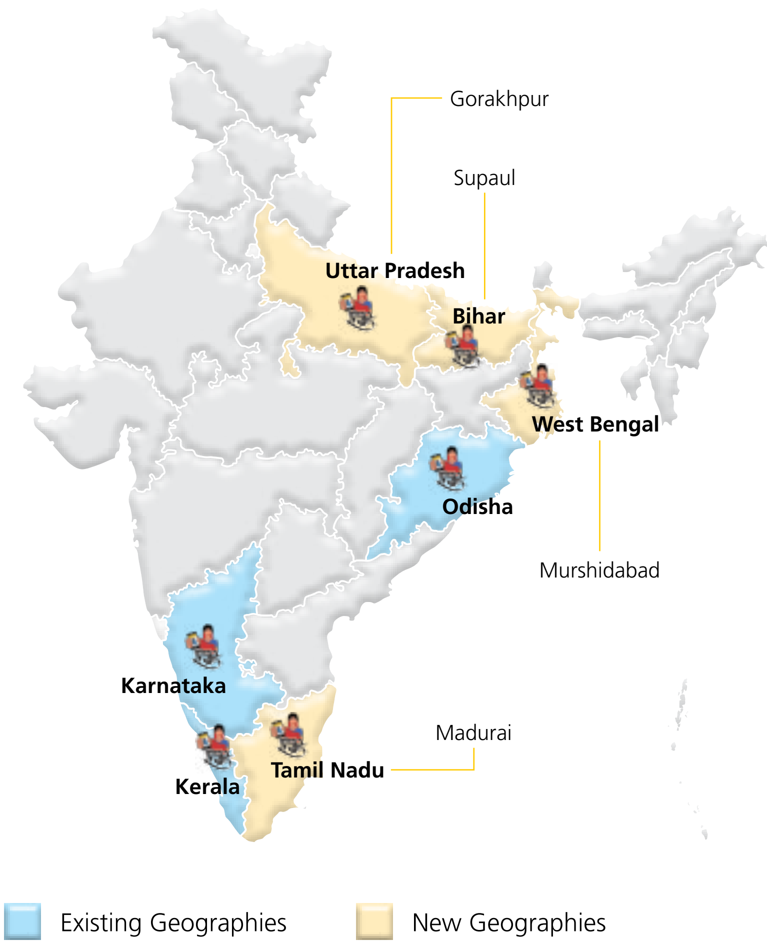
To address these issues, your Company has been proactive in developing a very innovative social development project which is also popularly known as **'Digital Sakhi'**. This innovative 4-year model has now become a flagship CSR initiative of your Company which has touched the lives of 40 lakh+ community members since its inception in 2017-18.

Digital Sakhi Initiative

In an increasingly developing भारत, promoting financial and digital literacy for women and the entire community.

The Digital Sakhi Project aims to bridge the digital divide and promote financial literacy among women in rural communities. Under this initiative, women from villages are identified and trained to become Digital Sakhis by undergoing comprehensive digital and financial training modules. As part of the first component of the project, these trained Digital Sakhis further impart education to the community members with a special focus on women. The second component includes identifying and training existing women entrepreneurs, and equipping them with necessary skills of setting up their rural micro-enterprises with the technical support of entrepreneurship development experts. In the third component, these Digital Sakhis play the role of catalysts in linking the social entitlement schemes of the Government with the last mile beneficiaries.

In FY24, the Digital Sakhi project embarked on an expansion journey, reaching out to four new geographies across India. These included Bihar (Supaul), Uttar Pradesh (Gorakhpur), Tamil Nadu (Madurai), and West Bengal (Murshidabad), augmenting the existing projects already thriving in South and North Karnataka (Tumkur, Bidar, Gulbarga, and Kolar) as well as in Kerala (Alleppey and Kottayam).



Digital Sakhi Footprints (FY24)

7 States

13 Districts

1,700 Villages

885 Digital Sakhis

Fig: Map showing Digital Sakhi Project(s) – Existing and New Geographies

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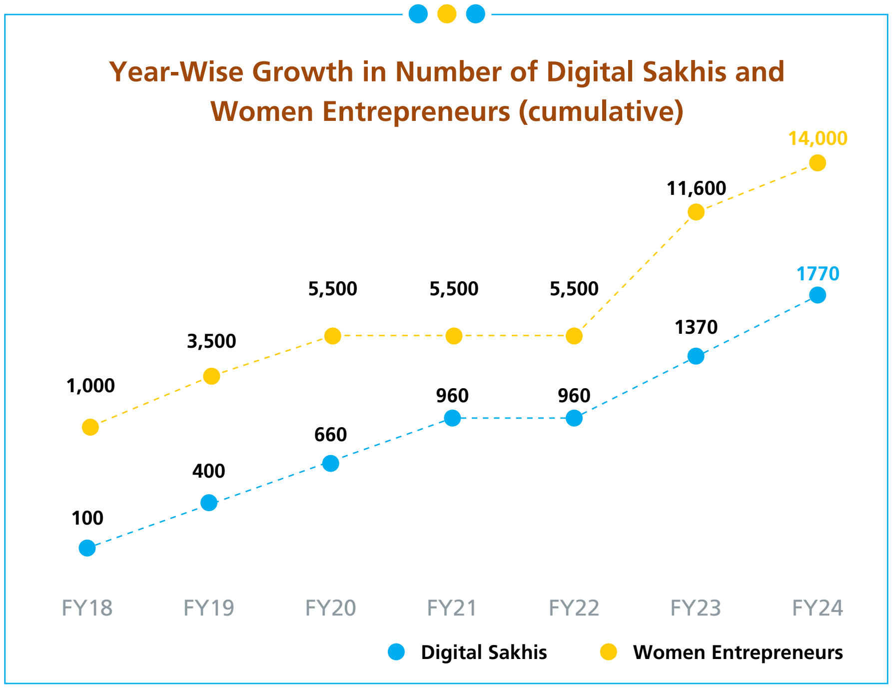
The decision to launch projects in these new areas was backed up by comprehensive baseline studies, which underscored the pressing need for intervention.

Equipped with newfound knowledge, 885 Digital Sakhis played a transformative role within their communities, educating 11.50 lakh+ fellow women and other community members about the importance of financial inclusion and the utilisation of digital tools for economic empowerment in FY24.

The second component of the programme focussed on skillfuly training a total of 7,500 women entrepreneurs in various trades, including dairy farming, food processing, animal husbandry, beauty and wellness, and tailoring, among others. Through this multifaceted approach, these women not only gained expertise in their chosen trades but also received valuable guidance and assistance to enhance and expand their businesses.

Furthermore, Digital Sakhis served as intermediaries, bringing over ₹ 60 Cr of social entitlement schemes directly to the doorstep of 1 lakh+ community members, ensuring that all members, especially women, can benefit from Government initiatives and programmes.

Presently, this initiative is making significant strides in 7 states, spanning across 13 districts and encompassing 1,700 villages, all driven by the dedicated support of 885 Digital Sakhis.



Year-Wise Growth in Number of Digital Sakhis and Women Entrepreneurs (cumulative)

Key Achievements – Digital Sakhi Project in FY24

New Geographies

4 New Geographies: Tamil Nadu, Bihar, Uttar Pradesh and West Bengal

Digital Sakhis

400 Digital Sakhis Onboarded on New Geographies

Women Entrepreneurs

7,500 Women Entrepreneurs Equipped with Entrepreneurship Development Programme (EDP)

Finclusion of Rural Communities

11.50 lakh+ Communities Were Sensitized on Digital and Financial Literacy

Finclusion of Rural Women

5.90 lakh+ Rural Women Became Part of Digi-Finclusion Campaign

Finclusion of Rural Men

5.60 lakh+ Rural Men Became Part of Digi-Finclusion Campaign

Digital Seva Kendra(S) Outreach

2 lakh+ Beneficiaries Availed Various Services through 200 Digital Seva Kendra

Social Convergence

1 lakh+ People were Linked with Social Entitlement Schemes

Covergence Value

₹60 Cr+ Worth of Social Welfare Schemes Infused

Innovations Under The Digital Sakhi Initiative

Under the Digital Sakhi Project, several innovative measures have been implemented to make it more relevant and effective in the present-day context.

To ensure up-to-date relevance, modules have been regularly updated and made more interactive, with sessions structured to accommodate both one-to-one interactions lasting 45 minutes and one-to-group interactions lasting 90 minutes.

Additional emphasis has been placed on critical topics such as the importance of CIBIL, fraud and risk awareness, and the knowledge of formal credit.

Impact indicators have been strengthened, focussing on year-wise progress, adoption levels, sustainability of enterprises, convergence with social schemes, and project partnerships.

Stakeholder engagement has been prioritised through collaboration with Government bodies at the state, district, and cluster levels, along with the formation of Community Advisory Panels (CAPs) and engagement with Panchayati Raj Institutions (PRIs).

Special initiatives such as audio podcasts were released showcasing success stories of Digital Sakhis

Partnerships with esteemed institutions including the NABARD, SELCO Foundation, RUDSETI (Rural Development and Self Employment Training Institute), NRLM (National Rural Livelihood Mission), and NHM (National Health Mission) have been fostered to amplify the impact of the project.

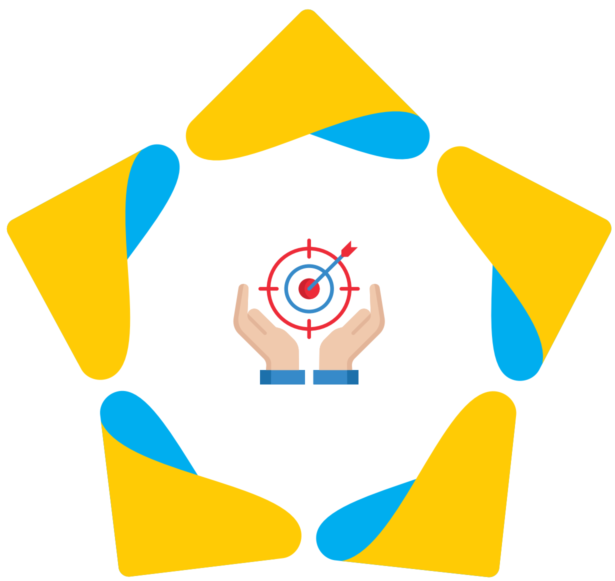
Furthermore, tech-enabled monitoring has been implemented through digitised project processes, a web portal, a learning management system, a live project dashboard, and project data collection, integrated with an HRMS and reporting system for streamlined operations and enhanced efficiency.

Case Study

Navigating Challenges: Establishing the Digital Sakhi Project in Murshidabad, West Bengal

The Digital Sakhi Project, aimed at empowering women through digital literacy and entrepreneurship, encountered formidable challenges during its establishment in Murshidabad, West Bengal. Despite facing social, geographic, and ground level political obstacles, the project team persisted in their efforts to bring positive change in the community.

Ground Zero Challenges



Socio-Geographic

Proximity to borders and its unique social landscape

Community Engagement

Less acceptability as well as resistance from the local community

Educational Hurdles

Low female literacy rates and challenges in identifying developmental supporters

Operational Challenges

Presence of large underprivileged groups and lack of development programmes

Overcoming Challenges

Despite facing a myriad of challenges, the project team persevered, and in its first year, the project managed to exceed expectations by reaching out to 1.05 lakh community members through 100 Digital Sakhis to cover 100 villages and identifying and training 600 women entrepreneurs. The local District Government played a pivotal role, offering ground-level support and facilitating the leveraging of ₹ 6.60 Cr worth of social schemes by the Digital Sakhis.

While the project continues to face challenges, sustaining momentum and overcoming entrenched barriers, its immediate impact in just one year underscores its potential for transformative change. Through ongoing collaboration and perseverance, the Digital Sakhi project is poised to catalyse further progress and empowerment in Murshidabad, West Bengal.

Disaster Management

In an unpredictable world, the importance of effective disaster management cannot be overstated. Timely and coordinated responses to crises are essential for mitigating human suffering and minimising the socio-economic impact of natural or man-made disasters. Your Company recognises the critical role that proactive disaster management plays in ensuring the safety and well-being of communities.

Under the CSR thrust area of Disaster Management, your Company spearheads two important initiatives:

71,400

Beneficiaries

Disaster Relief

In 2023, India grappled with devastating natural disasters, notably, floods wreaking havoc in regions such as Punjab, Haryana, and Tamil Nadu. These calamities left a profound impact on the lives of countless individuals, disrupting communities, and causing widespread destruction. Additionally, there was a train accident tragedy in Odisha which impacted thousands of travellers. Your Company responded immediately and provided relief kits to flood and cyclone-affected families as well as wheelchairs to over 2,000 people affected by the Balasore train accident in Odisha.

Glimpses from the Field

Balasore, Odisha | June 2023

Punjab and Haryana | July 2023

Odisha | August 2023

Chennai and Thoothkudi, Tamil Nadu | December 2023

Capacity Building for Water User Groups

Climate change has severely affected farmers across India. In order to restore the ecosystem and empower marginalised farmers, your Company implemented the Integrated Water Resource Management (IWRM) project called 'Jalvaibhav' in the Marathwada region of Maharashtra. It commenced in FY16.

In FY24, your Company focussed on maintaining and enhancing surface water availability, increasing groundwater levels, and preventing soil erosion in 122 villages to ensure sustainability and ongoing benefits for the rural communities.

Additionally, the capacities of Water User Groups (WUGs) were strengthened through workshops on water structure maintenance and efficient management. These WUGs actively engaged in crop planning and resolving ground level conflicts. Over 5,700 members, including small-scale farmers, were trained to create climate-resilient communities and mitigate rural migration through capacity-building sessions.

Despite scarcity of rainfall this year in the project areas (less than 200 mm), the timely upkeep of water infrastructure has played a crucial role in boosting crop yields for farmers. This proactive strategy ensured successful cultivation of rabi crops and provided a steady water source for agricultural and livestock needs. In contrast, villages beyond the project scope had to rely on water tankers for drinking water, underscoring the effectiveness of your Company's initiatives. Project 'Jalvaibhav' resulted in a replenishment of ~183 lakh KL of water during FY24.

Water Replenishment is calculated by management expert considering storage capacity, type of soil of water structure and run off days. This involved also using SCS-CN method. This also involved use of Hydrological Modelling. The data used are hydro-meteorological and hydrological data along with satellite data.

Water Positive status achieved in FY23

~183 lakh KL Water Replenished

100% community participation in Jalvaibhav project

Scan the QR Code to Watch Farmers Testimonials

Other Initiatives: Project Prakruti, Road Safety and Healthcare

In addition to the above-mentioned core areas, your Company remains actively involved in various socially and environmentally responsible endeavours like environmental sustainability, healthcare, and road safety, providing a glimpse into its holistic approach to fostering overall community development.

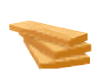
Project Prakruti

Spearheaded by your Company, Project Prakruti stands as a testament to the commitment to environmental conservation. Your Company is dedicated towards promoting environmentally friendly practices and conservation efforts to safeguard the ecosystems in the communities wherever it operates. LTF aims to reach this goal by horticulture and dense forestation projects.

This ambitious project focuses on planting saplings to increase the green cover which is the need of the hour. It also helps in the economic development of the local farming community.

The project targets the barren lands that can be converted into fertile land for horticulture plantation.

Project Prakruti has successfully covered over 150 acres of dry land in Pavagada Taluk of Tumkur district, Karnataka, planting over 50,000 saplings in FY24.

Species
 Betelnut
 Pomegranate
 Coconut
 Sandalwood
 Mahogany

₹ ~1 lakh p.a.
Income Per Farmer through Multiple Cropping

₹ ~3 lakh p.a.
Expected Farmer income through Plantations

50%
Micro-Irrigation Facilities/ Water Saving through Micro Irrigation

70%
Increase in Soil Fertility

Before

After

SURVIVAL RATE OF PLANTATION: 95% (Validated by an Independent Agency (Quercus))

Two-Wheeler Road Safety and Healthcare

Two-Wheeler riders face the maximum risk of being killed in a road accident. An average of 32% of the people were killed in crashes that involved Two-Wheelers.

Given these alarming numbers, it's crucial to teach communities, especially youth about road safety, as they are the future responsible citizens. To achieve this,

your Company has initiated Two-Wheeler road safety awareness programmes in Delhi-NCR where more than 21,000 youth were made aware through the sensitisation of the importance of using helmets, safety reflector tapes, defensive driving, etc.

A road safety campaign was also launched in Brihanmumbai Municipal Corporation schools of Mumbai, for sensitising school children on the ideal road safety behaviour and practices.

Under your Company's healthcare initiatives, three multi-specialty health camps were organised in the tribal areas of the Udaipur district which benefitted more than 500 people.

CSR Communication

Your Company believes that effective communication is crucial to ensure transparency, accountability, and continual improvement in its initiatives. The CSR function has prioritised communication with beneficiaries, disseminating information through various channels.

Over 500 online media posts and print media publications have been utilised to share updates on CSR efforts. Notably, your Company's success on the CSR forefront has gained recognition in esteemed publications such as Fortune and Business Today.

FORTUNE

DRIVING SUSTAINABLE CHANGE UNDER THE STRATEGIC GOAL OF LAKSHYA 2026

L&T FINANCE COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY

CHAMPIONING INCLUSION: THE EMPOWERING JOURNEY OF L&T FINANCE HOLDINGS LTD.

ಅಮೃತವಾಣಿ

ಪ್ರಜಾವಾಣಿ

'ಮಹಿಳೆ ಸಬಲೆಯಾದರೆ ಪ್ರಗತಿ'

आइडिया सिटी न्यूज़ 20 मार्च 2024 पेज न. 1

पिपराइच में डिजिटल सखियों ने खेली फूलों की होली

To further amplify impact, your Company has produced over 10 audio podcasts, offering vivid narratives of project journeys and outcomes. Additionally, it has created more than 3,000 wall paintings covering an area of 58,086 sq. ft. In 1,700 villages, reaching a broader audience and raising awareness on digital and financial literacy and the importance of plantation projects.

Further, extensive use of social media has been undertaken to show success of the beneficiaries of our projects.

Community Grievance Redressal Mechanism

LTF has established a robust grievance redressal framework to address concerns related to CSR activities, ensuring that the grievances of communities and other stakeholders are recorded and resolved effectively.

A comprehensive feedback mechanism is in place, wherein project-wise dedicated Grievance Redressal Officers have been nominated in consultation with the partner NGOs which are not directly related to the project implementation team and they have to be compulsorily based out of head office of the NGO partners. This system is bound to capture the perspectives of beneficiaries and stakeholders in a transparent manner.

In order to strengthen this system further, Community Advisory Panels (CAPs) have been formed in the projects which have completed two years of implementation. These panels comprise respected individuals from the local area who serve as independent observers. Quarterly meetings are conducted to provide updates and gather feedback from the observers, who offer unbiased reviews to enhance project outcomes. This approach facilitates continuous improvement and optimisation of CSR initiatives.

Monthly online reviews play a pivotal role in monitoring and evaluation, enabling virtual discussions with NGO partners and the project team on the ground. These reviews help track project progress, measure impact, and solicit feedback from stakeholders, thereby facilitating timely decision-making. Furthermore, on-site field visits provide CSR representatives from your Company with firsthand insights into project implementation, enabling them to assess the impact on the ground and identify areas for improvement.

In FY24, no such grievances or concerns were raised and recorded in the community grievance redressal system.

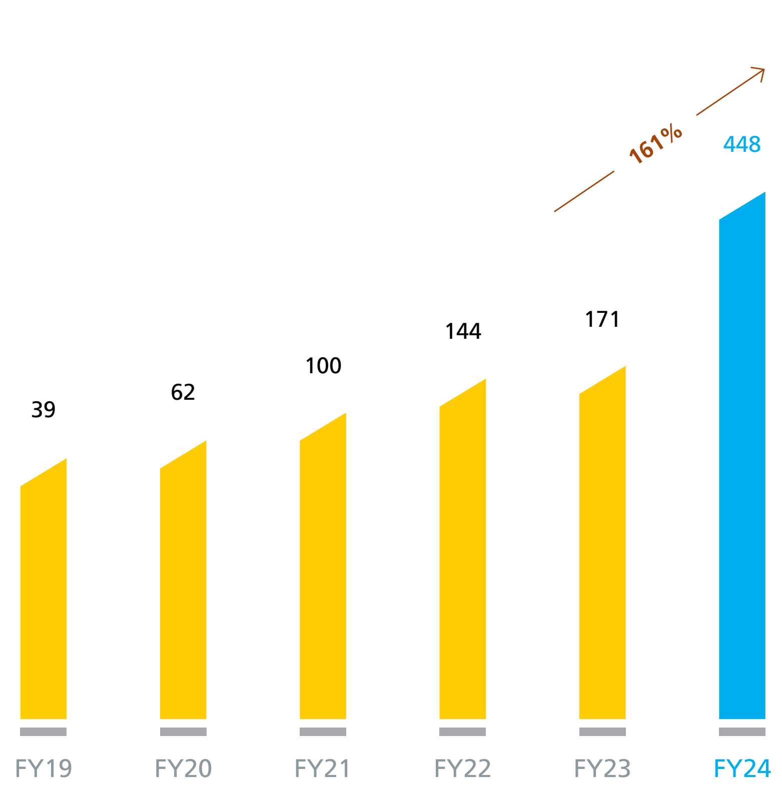
Boondein

Boondein: Employee Volunteering Programme

Through LTF's volunteering programme 'Boondein', your Company provided a platform for employees to show case their concern towards financial literacy, environment, mentoring and cleaning, drives during the Swachhata Pakhwada week and e-waste campaigns, among other events.

Volunteering Hours (in Hours)

161% increase v/s FY23



Volunteering Activities

- Digital and Financial Literacy
- Banking Financial Sector and Insurance Sessions
- ESG Training to NGO Partners
- Story Telling Sessions in School
- Seed-ball Making
- T-Shirt to Tote activity
- Solar Lantern Assembling

Daan Utsav

The Daan Utsav event organised by L&T Finance emphasised the importance of e-waste recycling and responsible disposal. It focussed on raising awareness about handling discarded electronic products, stressing environmental sustainability.

Swachhata Pakhwada

CSR Governance

ISO 26000:2010 Social Responsibility

Your Company is proud to share with you all that your Company has further solidified its commitment to ethical business practices by obtaining the ISO 26000:2010 Social Responsibility Certificate of Conformance.

The ISO 26000:2010 provides guidance to organisations which recognise that respect for society and the environment is a critical success factor.

Your Company is amongst one of the first NBFCs to earn the prestigious ISO 26000:2010 Certificate of Conformance for complying with National and International Standards of Social Responsibility.

intertek

CERTIFICATE OF CONFORMANCE

L&T Finance Holdings Limited

ISO 26000:2010

Social Impact Assessments

Your Company conducted the Social Impact Assessments for four CSR projects completed during FY22. This proactive approach underscores your Company's commitment to evaluating the efficacy of its initiatives.

Specifically, assessments were carried out for the Digital Sakhi Projects in Maharashtra, Madhya Pradesh, and Tamil Nadu, as well as a plantation initiative in Maharashtra's Marathwada region. Your Company engaged an external agency for these assessments, reflecting its dedication to rigorous evaluation and accountability.

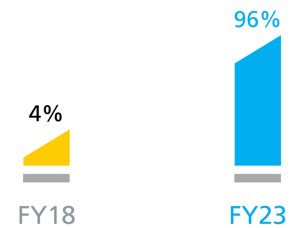
Important outcomes of SIA of each project has been highlighted below:

Digital Sakhi Maharashtra

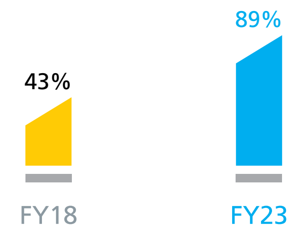
A

Digital Sakhis

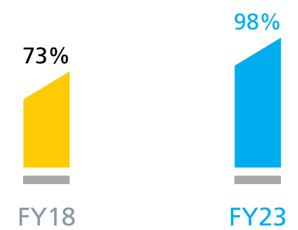
Adoption of Digital Payment Modes



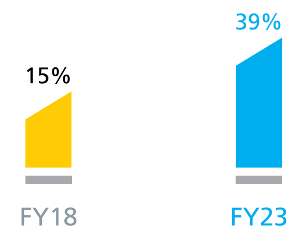
Knowledge of Government Schemes



Sustainability of Livelihood



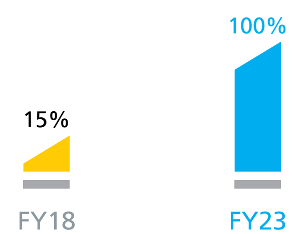
Contribution to Family Income



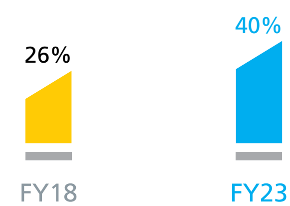
Assessment Baseline

Women Entrepreneur(s)

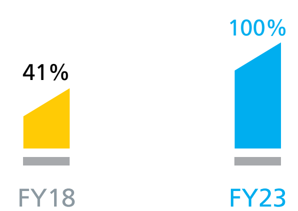
Adoption of Digital Payment Modes



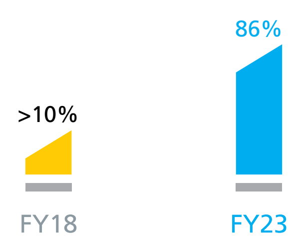
Participation in Financial Decision Making (As a Family)



Awareness on Access To Formal Sources of Financial Services



Awareness of Social Schemes

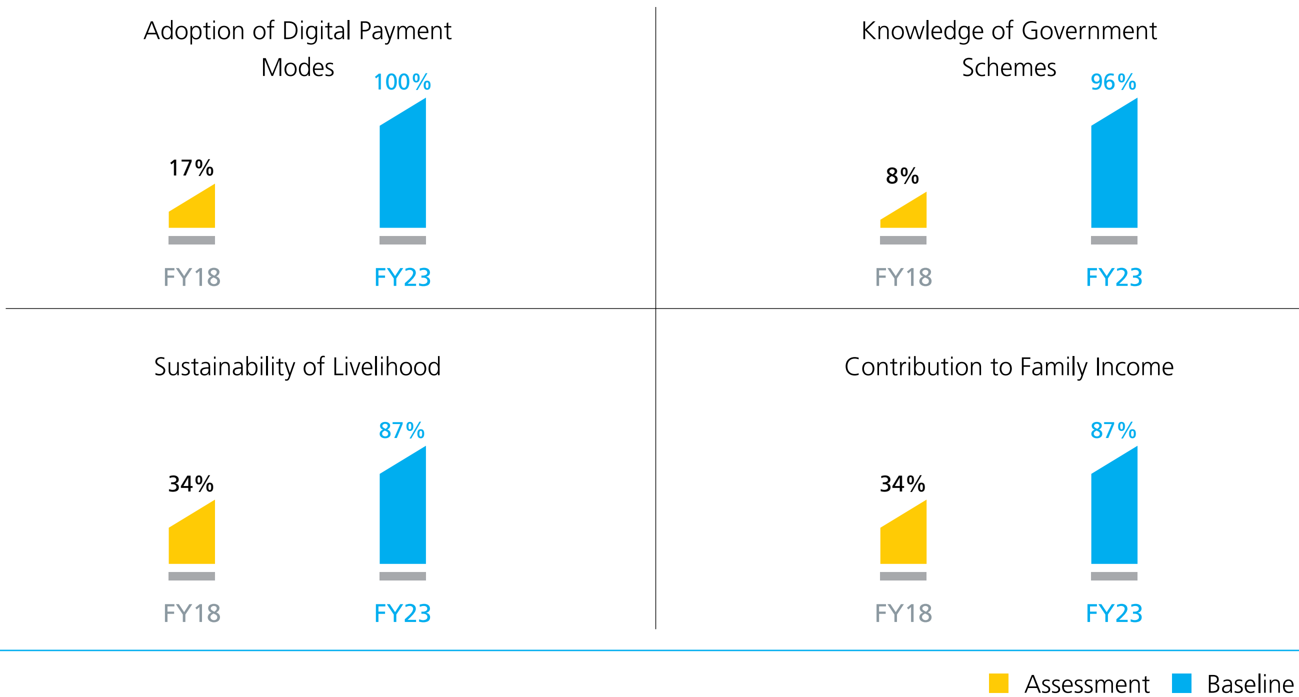


Assessment Baseline

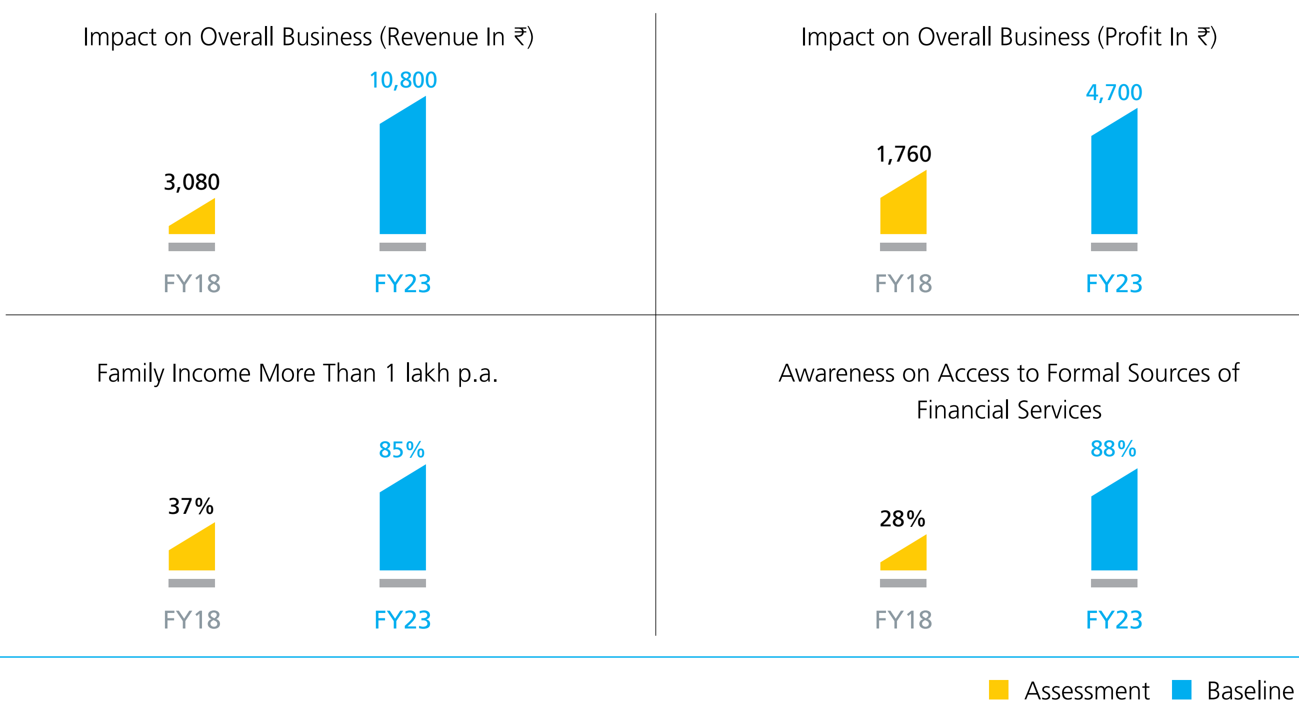
Digital Sakhi Madhya Pradesh

B

Digital Sakhis



Women Entrepreneur(s)

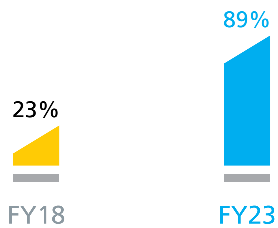


Digital Sakhi Tamil Nadu

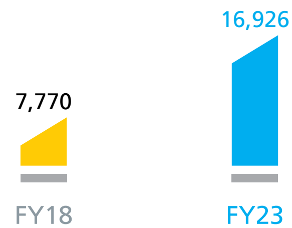
C

Digital Sakhis

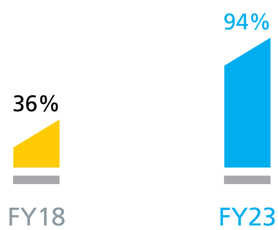
Adoption of Digital Payment Modes



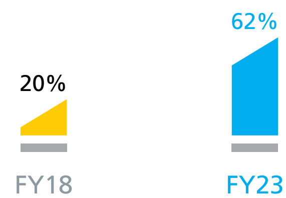
Average monthly household income (in. ₹)



Budget Planning



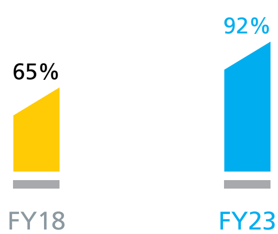
Participation In Financial Decision Making (As a Family)



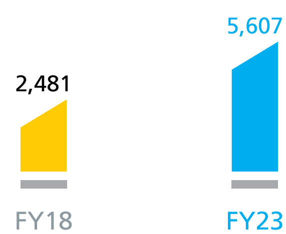
Assessment ■ Baseline

Women Entrepreneur(s)

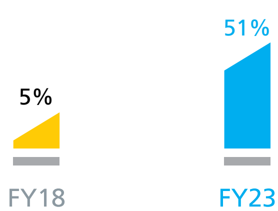
Adoption of Digital Payment Modes



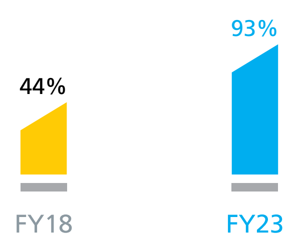
Monthly income from business (in. ₹)



Participation in Financial Decision Making (As a Family)



Earnings more than ₹ 50,000



Assessment ■ Baseline

Miyawaki Plantation

D

The Miyawaki plantation project, undertaken by your Company, was implemented in the drought-prone districts of Beed and Osmanabad in Maharashtra. Across five plots spanning 22,000 sq. ft, your Company planted 68,444 trees of various species.

The impact assessment study conducted by CRISIL Limited in FY24 unveiled its profound effects on the air, soil, and surrounding environment.

68,444
Plantations

98%
Tree Cover

Pre and Post-Satellite Imaging of Sites

Pisegoan - F1 Plot

2020

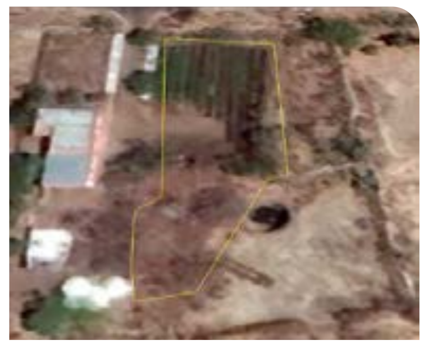
2023

Pisegoan - F2 Plot

2020

2023

Pisegoan - F12 Plot



2020

2023

Key Findings of the Study

1. Ecological balance built through CO_2 sequestration
2. Improved nutrient cycling, and a more stable as well as resilient environment created
3. Improved soil quality in turn supports healthier plant growth and overall ecosystem vitality
4. Reduces run-off and absorbs rainwater leading to water retention and ground water recharge
5. Native flora revived and wildlife attracted (Biodiversity)

These detailed findings underscore your Company's commitment to transparency, accountability, and continuous improvement in its CSR endeavours, as outlined in the CSR policy. Through rigorous impact assessments, your Company aims to enhance the efficacy and sustainability of its initiatives, fostering meaningful socio-economic change across communities.

For more in-depth insights into Impact Assessment Reports, interested stakeholders are encouraged to visit your Company's website at www.ltfs.com.

Social Return on Investment (SROI)

SROI Ratio = (Social Value Created/Investment Cost)

It identifies the per value rupee benefit generated for every rupee invested in the programme. A ration greater than 1 indicates a positive SROI, i.e., for every unit of currency invested, the programme generates more than 1 unit of value.

Social Value created is measured by the following parameters:

- Increase in income
- Increase in savings
- Increase in access to loans
- Money saved on loans
- Networking and collaboration benefits
- Increase in access to government schemes
- Other tangible benefits

Benefits

Tangible Benefits	Intangible Benefits
• **83%** of DS* and 96% of WE** experienced an increase in their income. • **97%** of DS, 95% of WE and 89% of CM*** experienced an increase in their savings. • **49%** of DS, 30% of WE and 55% of CM experienced an increase in their access to finance.	• Enhanced financial literacy • Improved access to information • Increased community engagement • Heightened confidence • Empowerment

*DS: Digital Sakhis
**WE: Women Entrepreneurs
***CM: Community Members

₹ 1 = ₹ 123

The Social Return on Investment (SROI) report suggests that, on average, every rupee invested in the Digital Sakhi project resulted in **₹ 123** Worth of Social Value

L&T Finance

NATURAL CAPITAL

Alignment to UNSDGs

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Alignment to Material Issues

- Climate Strategy and Risk
- Resource Efficiency
- Emissions in Operations

Key Performance Highlights

~18%
Carbon (Scope 1+2) Emission Saved/ Sequestered Y-o-Y

~1,840 tCO_2e
Emissions Avoided (Green Power)

1,982 tCO_2e
Sequestered through Plantation

~99%
of Maharashtra Branches Switched to Green Power

39%
Company Operations through Green Power

50,000+
Saplings Planted

>95%
Overall Plantation Survival Rate

Amongst the 1st
to Report Financed Emission for Select Retail Portfolio

100%
Paperless Journey in Rural Group Loans, Two-Wheeler Finance, Farm Equipment Finance, Personal Loans and SME Finance

ISO 14064-2:2019
Quantification of the Net GHG Removals*

150+
Acres Green Cover

~183 lakh kl
Water Replenished (Watershed Management)

*For LTF Project Prakruti - Miyawaki Plantation in Beed and Dharashiv (Osmanabad)District, Maharashtra

LTF recognises that natural capital – the world's stock of natural resources – is finite and not just a source of raw materials but also a fundamental asset essential for our survival and prosperity. Guided by this understanding and the UN's decade of action requiring accelerated sustainable solutions, your Company integrated various sustainable management practices into its core business operations. This integration helps us ensure that natural resources are optimised, encouraging the use of sustainable alternative options, and thus leaving behind a better world for future generations.

Through a robust stakeholder engagement process, the stakeholders identified climate strategy and risk, resource efficiency, and emissions in operations as material topics to optimise natural capital. LTF contributes to fulfilling India's SDG goals of ensuring clean water and sanitation (SDG 6), fostering sustainable cities and communities (SDG 12), promoting responsible consumption and production (SDG 13), and supporting life on land for holistic environmental well-being (SDG 15). LTF has not only embedded sustainable practices in its operations but is also continually influencing environmentally conscious behaviour in its entire value chain.

Governance Mechanism Strengthening Environmental Management

LTF has a comprehensive governance framework to monitor and manage its sustainability practices through Board-approved policies and oversight by committees like Risk Management Committee (RMC) and CSR and ESG Committee.

LTF is dedicated to consistently monitoring its environmental impact and fostering environmental responsibility amongst its stakeholders and society. And this is done through your Company's ESG-competent board, ESG policies, and dedicated ESG and Sustainability team with ESG-related KPIs embedded in the annual evaluation for the Board and Senior Leaders. LTF provides incentives for the management of ESG/climate-related issues, including the attainment of targets. In addition to independent second party studies and audits, LTF is aligning its practices to international ISO standards.

ESG Policy Ecosystem

In line with its commitment to sustainability, LTF has established both an ESG Policy and a Sustainability Policy. The ESG Policy provides a framework to manage impacts and risks, promoting responsible financing for long-term value creation. LTF has also created an exclusion list for lending and financing decisions, which includes avoiding support for activities like thermal and mining projects, amongst others, emphasising strong intent and action towards conserving natural capital.

LTF strongly believes in protecting the environment and has a detailed Environmental Policy that focuses on managing its environmental footprint. The commitment extends to providing services in an environmentally conscious and responsible manner. The Policy applies across all LTF offices and branches, encompassing regulatory compliance, energy conservation, waste management, emissions reduction, and accurate reporting of environmental performance.

LTF has adopted an E-Waste Policy to guide the safe and responsible disposal of its electronic waste. This policy of LTF supports its goal of achieving zero waste to landfill and managing all IT assets in accordance with applicable E-Waste Management Rules.

LTF has implemented a Third-Party Code of Conduct (TCOC), extending the commitment of sustainability to its vendors and suppliers since 2022. Responsible business conduct, environmental stewardship, and socially sustainable practices are three parameters focussed on through the TCOC. By working closely with the suppliers, LTF looks to build better partnerships to make the supply chain more sustainable and resilient.

In FY24, your Company assessed its value chain partners on various ESG and climate-related indicators such as emissions, energy, water, waste, diversity, human rights, and corporate governance. Please refer to the section 'Policy Compendium' to access LTF's ESG policies.

Climate Change

LTF is conscious of the detrimental shifts in weather patterns and rising temperatures caused by climate change, impacting communities and businesses. The consequences, including disruptions to agriculture, water scarcity, and increased health risks, are significantly material to the customers of LTF's rural portfolio dependent on agriculture and allied activities. The extensive reach of LTF in these regions puts the Company in a position to lead its climate change adaptation efforts. LTF empowers communities by providing financial services to equip and help communities adjust to the changing environmental conditions. Embracing sustainable practices and reducing carbon footprints are vital steps for organisations to contribute to a resilient and sustainable future.

Climate Action through Sustainable Finance and Lending

Driving Sustainable Finance for Climate Resilience

LTF recognises the critical role that financial institutions play in financing the transition to a low-carbon economy and managing financial risks associated with climate change.

As a responsible organisation, LTF is committed to supporting India's attainment of the 2030 agenda for sustainable development by the UN. To this effect, LTF has developed Sustainable Finance Framework (SFF) to raise 'Sustainable Finance' funds with the aim of strengthening your Company's capacity to finance social and/or environmental projects that support the UN SDGs to attract investments for financing or refinancing social and environmental projects as well as initiatives with a dual impact. SFF is based on the International Capital Market Association (ICMA), Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Associations (LSTA) guidelines and Climate Bond Initiative Taxonomy. This framework was vetted and a Second Party Opinion (SPO) was provided by CRISIL, an external independent firm. Under this framework, LTF intends to raise funds through Green Loans, Green Bonds, Social Loans, Social bonds, Sustainability Bonds and Sustainability – Linked Bonds/Loans.

In line with the goals of the Paris Agreement of keeping global warming levels well below 2°C i.e. above preindustrial levels by 2050, your Company has publicly committed to the target of Carbon Neutrality by 2035. And in accordance, LTF has developed a Carbon Neutrality and decarbonisation strategy to reduce GHG emissions for its operations by 2035. In FY24, the plan was reviewed by a second independent party and found to be in alignment with the set target.

LTF, in accordance with its intent to its commitment towards net zero, took a significant step in FY24 towards calculation and disclosure of its financed emissions of select portfolios/products.

Fostering Environmental Stewardship through Lending

LTF is cognizant of the environmental impact of its lending activities. Your Company's product under its Urban Finance business of Electric Vehicle (EV) financing has enabled it to offer products that support the transition from fossil-fuel based vehicles to EVs. Thus, helping mitigate the overall emissions arising from the transportation sector. Through actively financing clean mobility as part of its Two-Wheeler Finance Business, your Company is contributing towards reducing the emissions in the transportation sector. During FY24, LTF financed 44,168 EVs, which was an 88% increase as compared to FY23. In FY24, ~8,266 tCO_2e emissions were avoided through financing EVs. Your Company is also actively taking strides to reduce the environmental impact of its lending activities by transitioning away from financing coal, thermal and mining projects as part of its exclusion list.

LTF partnered with Ather Energy to offer up to 100% of Loan-to-Value on EVs. Under this partnership, customers of Ather Energy can avail EV financing under various lines of products from LTF.

Climate Risk and Mitigation in Business

LTF acknowledges the impact of climate change on investment risks and business opportunities. Environmental considerations are integrated into its Risk Management framework, Risk Appetite Statements, and Early Warning Signals (EWS). The Rural portfolio faces climate risks, affecting Farm Equipment Finance, Rural Group Loans and Micro Finance due to changes in rainfall patterns and extreme weather events. To mitigate these risks, LTF analyses the regions with significant exposure, considering factors such as rainfall deviation, reservoir storage, existing irrigation coverage, kharif and rabi sowing patterns. Furthermore, tools pertaining to data analytics are used to predict farmer cash flows and make informed decisions on climate risks.

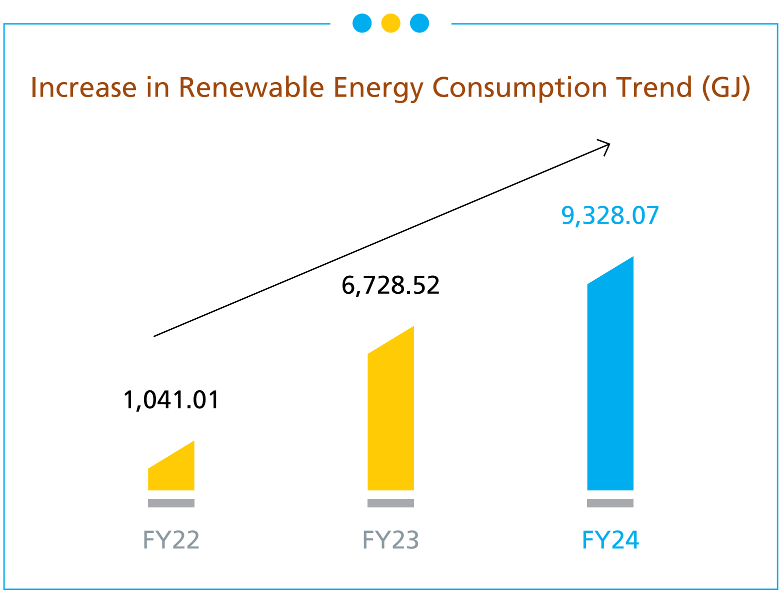
LTF proactively addresses climate risks through a comprehensive approach, integrating environmental considerations into various aspects of its operations. By employing thorough analysis and strategic measures, LTF aims to enhance its portfolio resilience, aligning with its commitment to sustainable and responsible business practices.

Energy and Emissions Management

Recognising the importance of responsible energy management, LTF minimises its environmental impact by adopting measures to reduce energy consumption and embracing eco-friendly practices, which are in line with its commitment to sustainability. At LTF, non-renewable energy consumption is contributed by LPG, Petrol, Diesel and purchased electricity, while renewable energy consumption is through consumption of grid purchased renewable electricity. From optimising electricity usage in offices and data centres to mindful utilisation of fossil fuels like diesel for generators and Company vehicles, LTF ensures a comprehensive approach to energy conservation. This commitment aligns with the Company's broader environmental initiatives, highlighting a dedicated stance towards sustainable and efficient energy practices.

LTF prioritises reducing its environmental impact by taking concrete steps to reduce emissions due to its operations and lending practices. Energy management plays a vital role for LTF, serving as a crucial catalyst in reducing operational expenses and mitigating environmental consequences. Your Company has implemented various measures, such as adopting renewable energy and setting processes for energy efficiency of new branches through due diligence during the selection process. In line with the opportunity presented by policies encouraging renewable energy by the Government of India, your Company has set up a faster renewable energy adoption process by establishing a monitoring process for PAN India's evaluation of renewable energy supply. In FY24, LTF increased its branches operating on renewable energy from 7 to 25 branches (including HO). This has resulted in a ~39% decrease in the dependency on non-renewable energy sources compared to the previous year, enabling your Company to save ~1,840 tCO_2e during FY24. During the year, your Company undertook a capital investment towards energy conservation measures amounting to ₹ 14.28 lakh.

The Company has taken significant steps in reducing its scope 2 emissions in line with its Carbon Neutrality by 2035. LTF has reduced its total emissions (Scope 1 and 2) by ~18% compared to the previous year. This further encourages your Company to actively replace conventional sources of energy with renewable energy across its operations in the future.



As a standard practice, LTF has transitioned to using LEDs and 5-star air conditioners across its operations and IOTs at a few locations, aiming to lower energy consumption. Additionally, your Company has achieved a milestone by running 99% of its major branch operations in Maharashtra on green energy and expanded its consumption of green energy in the states of Telangana and Tamil Nadu. Your Company continuously monitors the availability of green power across the country and adopts facilities where available and feasible. The total energy consumed by LTF in FY24 was 24,982.53 GJ including 9,328.07 GJ of renewable energy.

Note:

- Electricity and Fuel consumption for HO and branches are billed based on actual invoices and electricity consumption for meeting centers are estimated.
- Energy consumption in Joules is calculated using a standard conversion factor from DEFRA.
- For more details, please refer to BRSR Principle 6, Question 1 of Essential Indicators.

Emissions Data

Your Company continuously takes measures to reduce the energy consumption on its premises. This helps decrease GHG emissions. Despite its limited emission impact because of its activities, your Company has taken initiatives to develop a comprehensive GHG inventory, monitor environmental performance, and set carbon neutrality targets.

By actively managing and minimising its carbon emissions, LTF has made significant progress in mitigating the environmental impact of its operations.

The Company has taken operational control approach for quantification of emissions. The standard used is as per GHG Corporate Reporting Protocol.

On track

Carbon Neutrality by 2035

1 Scope 1 Direct GHG Emissions

2 Scope 2 Indirect GHG Emissions

3 Scope 3 Other Indirect GHG Emissions

1 Scope 1
Direct GHG Emissions

The GHG emissions of LTF arise mainly from the fuel used in DG sets and meal facilities, refrigerants, and fire extinguishers in its offices. Your Company has also established systems to monitor and report the emissions from refrigerant leakages and fire extinguishers. Your Company is adopting low Global Warming Potential (GWP) refrigerants used in ACs. In FY24, emissions through LPG consumption were introduced in the Scope 1 emissions due to implementation of a new frontline employee well-being initiative of 'meal facility' (facility to provide meals), resulting in a marginal increase of the Company's Scope 1 emissions.

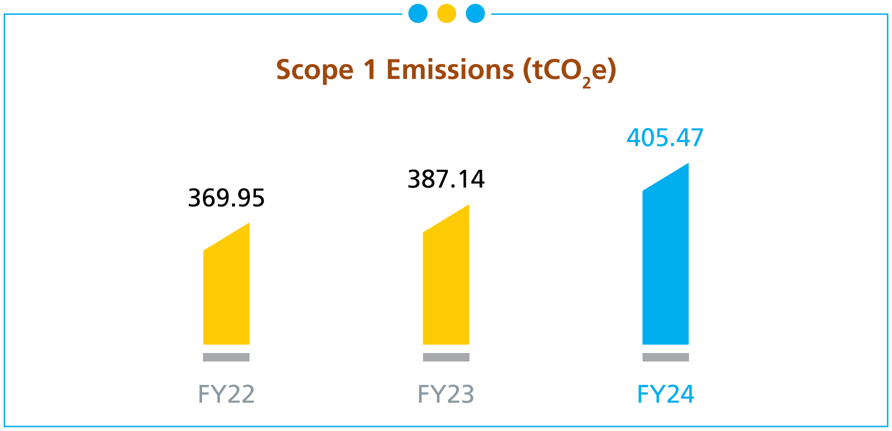
Emission Scope	Emission from	Units	FY23	FY24
Scope 1	Fuel in DG Set	tCO_2e	2.43	3.25
	LPG Consumption in Meal Facility*	tCO_2e	NA	9.89
	Company Owned Car	tCO_2e	48.25	46.14
	Refrigerant	tCO_2e	297.00	306.61
	Fire Extinguisher	tCO_2e	39.46	39.58
Total Emissions (Scope 1)		**tCO_2e**	**387.14**	**405.47**

*LPG emissions were added due to a new initiative implemented, resulting in the addition of LPG as an emission source

Note:

Scope 1 emission factors are sourced from DEFRA.

Fuel and Fugitive emissions for HO and branches are billed based on actual invoices.



2 Scope 2

Indirect GHG Emissions

Scope 2 emissions of LTF primarily come from the energy purchased for the operations. By switching to green energy in the head office and 24 branches across India, LTF has significantly reduced its Scope 2 emissions by 21%.

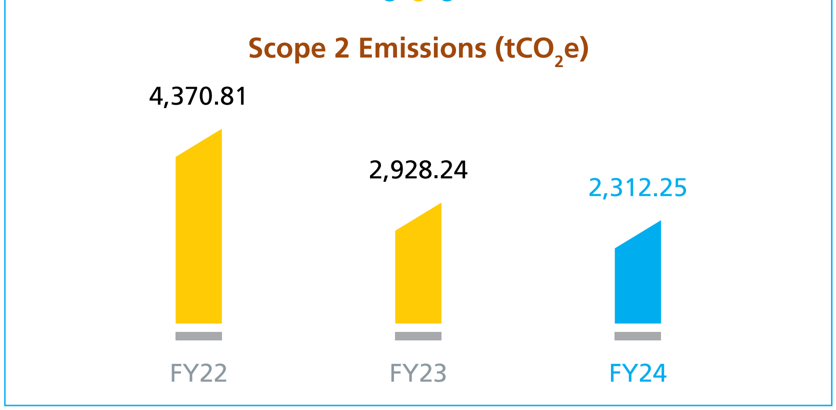
This was achieved due to:

- 100% of the electricity requirements for HO through green power
- Leveraging renewable power for 25 branches including HO
- Implementing energy efficient initiatives (5 Star ACs, LEDs and IOTs)
- Utilising green attributes to encourage green power in the absence of direct purchase availability/feasibility as approved under SBTi guidelines.

Emission Scope	Emission from	Units	FY23	FY24
Scope 2*	Electricity – HO	tCO_2e	0	0
	Electricity – Branches	tCO_2e	1,604.27	1,485.48
	Electricity – Branches (Small/Rural Group Loans and Micro Finance Branches)	tCO_2e	1,323.97	826.77
Total Emissions (Scope 2) (Market-based approach)		**tCO_2e**	**2,928.24**	**2,312.25**
Total Emissions (Scope 1 + Scope 2)		**tCO_2e**	**3,315.38**	**2,717.72**

*For Scope 2 emission, factors published by Central Electricity Authority (CEA) are considered

In FY24, your Company's Scope 2 emissions totalled 2,312.25 tCO_2e, calculated using the market-based approach. This marked a reduction of 21% compared to the previous year through your Company's efforts of procurement of green power (where available and feasible) and green attributes which encourage green power as allowed by SBTi. In the absence of these efforts, the Scope 2 emission would have been 4,755.45 tCO_2e (location-based approach).



3 Scope 3

Other Indirect GHG Emissions

In the reporting year, LTF undertook a comprehensive evaluation of Scope 3 emissions using GHG Standard Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard and incorporated them into its overall greenhouse gas (GHG) inventory. The assessment encompassed 5 categories recommended by the GHG protocol.

UpStream Leased Assets

Financed Emission

Capital Goods

Business travel

Employee Commute

GHG Emissions	Unit	FY23	FY24
Business Travel	tCO_2e	1,297.76	1,962.75
Upstream Leased Assets	tCO_2e	54.72	388.39
Paper Consumption (Purchased Capital Goods and Services)	tCO_2e	367.65	453.29
Purchased Capital Goods	tCO_2e	2,331.79	3,893.92

Note: The emission factor are sourced from DEFRA, India GHG Program, WIOD database.

Additional disclosure for Scope 3

Financed Emissions

Acknowledging the significance of the financed emissions within the financial sector in FY24, your Company is proud to disclose its efforts in addressing financed emissions. Disclosure of financed emissions, resulting from activities funded from your Company's loans enables your Company to understand its environmental impact comprehensively beyond its boundary. Reporting on Financed Emissions also aligns with the Science-Based Targets initiative (SBTi). This initiative requires organisations to set emission reduction targets consistent with the level of decarbonisation needed to keep global temperature rise below 2 degrees Celsius compared to pre-industrial levels.

In FY24, your Company prioritised measuring and reporting Financed Emissions, focusing initially on key sectors such as Two-Wheeler loans and Tractor loans portfolios. While these sectors represent a starting point, your Company is actively preparing to extend its reporting to encompass emissions from other portfolios in the coming years. This commitment underscores your Company's dedication to transparency and accountability. It demonstrates LTF's intent to surpass its pledge of achieving carbon neutrality and pave the way for a more sustainable future.

(in lakh)

Financed Emissions - Categories	Units	FY24
Two-Wheeler Loan Portfolio	tCO_2e	~6.43
Tractor Loan Portfolio	tCO_2e	~11.48

~8,266 tCO_2e

Avoided by EV Financing

Case Study

Approach

LTF has been capturing and reporting GHGs from its business operations for the last few years. Your Company has taken a proactive approach to estimate it's financed emissions from select portfolio as a first step with the help of an external independent agency.

The PCAF methodology was used to estimate the carbon emissions for the various products. LTF started the exercise by mapping its products to the various asset classes of PCAF to understand the overall data requirements and the gaps if any. The financed emissions calculation was undertaken for a fixed point in time in line with the reporting period taken for this report.

In this report, LTF has disclosed the financed estimations for the Two-Wheeler Finance product and the Farm equipment finance product (Tractors, etc.). Financed emissions were determined by multiplying an attribution factor by the emissions of the motor vehicle. LTF accounted for a percentage of the motor vehicle emissions of the borrower/customers on an annual basis/reporting period. The attribution factor was determined by the ratio of the outstanding amount of the borrower/customer and the value of the asset cost at loan origination (price of the motor vehicle at the time of transaction). The outstanding amount was adjusted annually reflecting the value of debt of the borrower (debtor) to LTF. Once the outstanding amount becomes 0 (loan fully repaid by borrower), the attribution also declines to 0 and indicates no exposure to LTF.

Use of financed emission data will help LTF to steer its decarbonisation journey in lines with the existing climate science. As a responsible company, LTF will follow the PCAF guidelines for any updates and will continue to improve the quality and reliability of data along with increasing the coverage by estimating emissions for other loan products across the PCAF asset classes.

3 Scope 3
Other Indirect GHG Emissions

Employee Commute

In FY24, LTF enhanced it's measurement of Scope 3 emission categories by inclusion of its emissions associated with its employee commute (Category 7, GHG protocol). The computation of employee commute emissions was conducted through a full scale employee survey covering all its 30,000+ employees for a span of a month. The questionnaire was designed in detail by understanding of our employee commute practices across PAN India with the help of an external expert. The survey responses were analysed for calculation of associated emissions for different mode of transport used (public, private and public + private).

The survey responses will enable your Company to support in creating awareness amongst employees regarding making sustainable transport choices in the near future and further reduce its emissions through providing sustainable commute options to office. LTF is also actively reducing its Scope 3 emissions by promoting the adoption of EVs among its employees through attractive low rate of interest. Furthermore, a central travel platform is being used to organise all business travel, allowing employees to make environmentally conscious decisions.

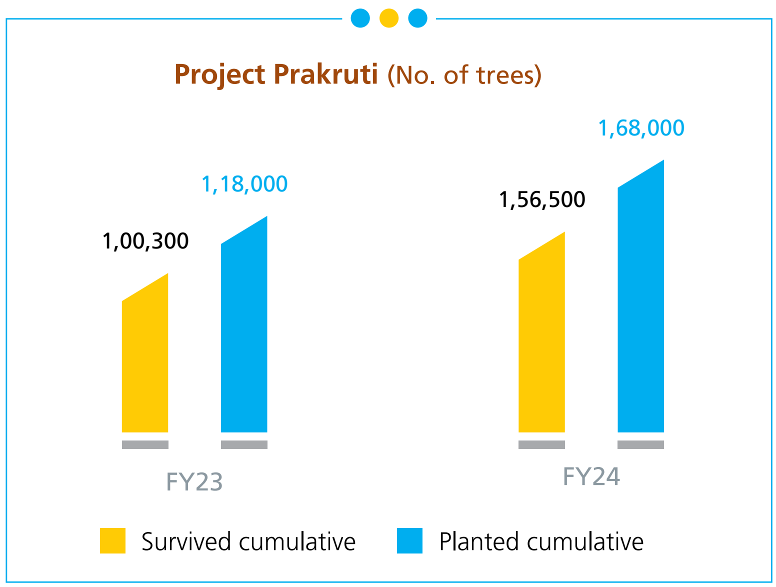
Emissions Data

GHG Emissions	Unit	FY23	FY24
Total Scope 1 Emissions	tCO_2e	387.14	405.50
Total Scope 2 Emissions	tCO_2e	2,928.24	2,312.25
Total Scope 3 Emissions (in operations)	tCO_2e	4,051.92	6,698.35
Total Emissions (Scope 1+2)	tCO_2e	3,315.38	2,717.75
GHG Emissions Intensity (Scope 1+2) per FTE	tCO_2e/FTE	0.12	0.09
GHG Emissions Intensity (Scope 1+2) per ₹ of Turnover	tCO_2e/Turnover	0.000000025	0.000000019
Scope 3 Intensity per FTE	tCO_2e/FTE	0.15	0.22
Total Scope 3 Emissions per ₹ of Turnover	tCO_2e/Turnover	0.0000000305	0.0000000048

Creating Carbon Sinks through Carbon Sequestration

In line with your Company's Carbon Neutrality plan, as one of the initiatives, LTF has been sequestering carbon through tree plantation. LTF started its tree plantation activities in FY18 and has, since, actively increased the number of saplings planted each year. As part of its tree plantation initiative 'Project Prakruti' in FY24, your Company invested in increasing the carbon sinks through plantations and planted 50,000+ new saplings. 1,68,000 saplings have been planted over the years, with 1,56,800 number of trees surviving in the reporting year. In FY24, your Company Sequestered ~1,982 tCO_2e through plantations.

In case of Miyawaki mixed plantation across three villages i.e. Salegaon, Pisegaon, Bhavthana, Carbon sequestration is calculated upto March 2024 using carbon sequestration calculation basis guidance in Clean Development Mechanism (CDM) A/R methodology. The calculations also used the IPCC default values and allometric equations of Forest Survey of India (FSI).



Your Company also took a significant step to align its plantation and resultant sequestration with the international best practice of ISO 14064-2:2019. Your Company has diligently implemented ISO 14064-2:2019 standards to ensure that its plantation project's carbon sequestration measurements, monitoring processes, and subsequent reports adhere to international best practices. Through rigorous adherence to ISO 14064-2:2019 guidelines, LTF has established robust protocols for accurately quantifying and verifying carbon sequestration levels. This implementation not only enhances the credibility and transparency of your Company's carbon sequestration initiatives but also underscores its commitment to environmental stewardship. By aligning with international standards, your Company is better positioned to demonstrate its environmental responsibility and contribute meaningfully to global efforts in combating climate change.

L&T Finance

Air Emissions

During FY24, LTF monitored and reported on its air emissions. The air emissions for FY24 have been provided below:

Parameter	Unit	FY23	FY24
NOx	ppm	31.70	42.80
SOx	mg/Nm3	78.30	35.10
Particulate matter (PM)	mg/Nm3	64.00	58.20

Water Stewardship

Recognising the growing issue of water stress, LTF acknowledges water's pivotal role in its operations and communities. As a socially responsible company, LTF is committed to safeguarding water quality and availability in its operations, ensuring a positive impact on both the ecosystem and society. Committed to environmental responsibility, your Company achieved its Water Neutrality goal in FY22 and Water Positive goal in FY23.

The Company has installed sensor-based taps for effective water management. Additionally, a Sewage Treatment Plant at HO contributes to water recycling efforts. In FY24, the total water consumption was ~3.41 lakh KL, compared to 2.51 lakh KL in FY23. The increase in water consumption is due to increase in number of employees and expansion of branches.

>50 times

of Water Consumed in Operations, Replenished (RWH)

Category	FY23	FY24
Total Water Consumption (in lakh kl)*	~2.51	~3.41
Total Water Replenished (in lakh kl)#	280+	180+
Water Surplus Collected (in lakh kl)	~277	~177

Note:

*Increase in total water consumption in FY24 compared to FY23 was due to increased employee headcount and branch expansions.

#In FY24, water replenishment decreased due to less rainfall and drought experienced by the project areas.

For more details on water related disclosures, please refer BRSR Principle 6, Question 3 and 4 of Essential Indicators.

Your Company initiated the 'Jal Vaibhav' project in 2016 to replenish water in the Marathwada region, one of India's most drought-prone areas. LTF constructed water harvesting structures in 122 villages through its integrated water resource management initiative. An independent assessment by an expert agency confirmed a total replenishment of ~183 lakh KL of water during FY24. As a result of continued efforts on water conservation and replenishment, your Company achieved Water Positivity status in FY23 and maintained the same in FY24. This has been assured by Deloitte Haskins and Sells LLP, an independent Assurance provider. During FY24, LTF replenished or gave back to society more than 50x (times) of water consumed in its operations. The locals in the vicinity reported the surplus harvested water to have increased the water availability. Thus, fulfilling the project's aim to provide access to the most critical natural resource to the community.

These initiatives reflect your Company's dedication to sustainable practices and responsible water management, aligning with its commitment to positively impacting the environment. Through collaboration with farmers and active engagement, LTF provides guidance and support to farmers on crop selection, cultivation processes and rainwater harvesting techniques based on rainfall patterns.

Before

After

Waste Management Strategy

LTF is committed to reducing waste generation within its operations, following the principles of the 3R approach: Reduce, Reuse, and Recycle. In line with the environmental responsibility goals, LTF discourages the use of single-use plastics within its facilities and cafeterias. In FY24, an awareness drive focussed on appropriate waste segregation and food waste at HO was undertaken to boost the waste management. Additionally, with the use of signboards, the importance of waste management and to encourage employees to carry out efficient waste segregation practices were also taken into account. Your Company is committed to achieving a zero-waste-to-landfill goal and has established a comprehensive E-Waste policy in alignment with this commitment. The predominant types of waste generated at LTF include paper, food, and E-Waste. For ensuring segregation of waste and its recycling and achieve 'Zero recyclable waste' ending up in landfill, LTF has onboarded an authorized vendor who ensures 100% segregation and recycling of the municipal waste collected from HO.

E-Waste

The E-Waste Policy provides guidelines for the safe and appropriate disposal of E-Waste. This policy aids LTF in accomplishing its objective of managing all IT assets in compliance with the Government's E-Waste Management Rules. The recycling of E-Waste is managed through a centralised process by vendors. The E-Waste is collected to one location and handed over to the authorised vendor responsible for the recycling process. Furthermore, LTF has implemented a "Bring your own device" policy to encourage employees to use their own devices, thus reducing a majority of the IT Waste.

LTF organized an E-waste drive called Daan Utsav in FY23 across various locations. LTF collected 110 kilograms of E-waste, raising awareness about recycling discarded electronic products and the recovery of precious metals.

Paper Waste

LTF is actively embracing a digital shift to streamline its operations and minimise paper waste. Your Company aims to reduce paper consumption, thereby contributing to a more environment-friendly approach and improving customer experience by digitising its processes. This transition aligns with eco-friendly practices and enhances the efficiency of the day-to-day business operations. The majority of the business verticals have adopted digital agreements, reducing paper consumption. In FY24, LTF consumed 47% recycled paper in its operations, reflecting its dedication to sustainability and a smoother operational experience.

Waste Table

Waste Management

Waste Generated Type	Unit	FY23	FY24
Dry Waste	MT	15.62	30.75
Wet Waste	MT	23.17	28.90
Plastic Waste	MT	0.11	-
E-Waste	MT	7.71	3.32
Other	MT	0	0
Total Waste Generated	MT	46.61	62.98*
Waste Disposed			
Recycled	MT	7.71	16.96
Landfill	MT	38.90	46.02
Total Waste Disposed*	MT	46.61	62.98

Note:

*Increase in total waste generated and waste disposed in FY24 compared to FY23 was due to increased employee headcount and branch expansions.

E-waste data is reported for all branches, other waste data is accounted only for HO and 2 other branches.

For more details for the waste management practices adopted by the company refer BRSR Principle 6, Question 9 and 10 of Essential Indicators.

Ecosystems and Biodiversity

Your Company's operations are located in commercial areas across states and villages, with no manufacturing activities that substantially influence biodiversity or ecologically sensitive geographies. Recognising the importance of biodiversity, LTF has implemented various initiatives such as tree plantation projects and its long-term maintenance and construction of rainwater harvesting structures in draught prone areas. These efforts have positively impacted biodiversity, fostering diverse flora and fauna and frequent sightings of varied animals, birds, and insects.

LTF conducted a Social Impact Assessment of the Miyawaki Plantation project through a second-party expert.

The plantation effort has accomplished a remarkable transformation in 3 villages near Ambejogai district, turning what was once a degraded and barren land into a thriving and intricately woven ecosystem. This transformation can be characterised as a complex and interconnected network of biotic and abiotic elements.

The introduction of native plant species has reintroduced a diverse array of vegetation to the area. These plants range from trees to shrubs and ground cover and contribute to the ecosystem's overall biodiversity, providing habitat and sustenance for a wide variety of wildlife, from insects and birds to small mammals and amphibians.

The plantation (flora) has attracted the fauna in the region. The discussion with the locals and the caretakers clearly indicates that the plantation has become a habitat for peacocks, mongoose, partridge, wild-boar, porcupine, sparrows, butterflies, grasshoppers, snakes, and many other birds (avifauna), bees and insects (microfauna) are regularly spotted in and around the plantation.

Beneath the soil, a bustling community of microorganisms, including bacteria, fungi, and other soil-dwelling organisms, play a critical role in nutrient cycling and soil health. Their presence and activities are integral to the success of the plantation and the overall ecosystem.

To ensure the holistic and sustainable development of the plantations, your Company encouraged strengthening the Honey Bee population as a natural pollinator by setting up beehives in its plantation project in Bhavthana. Thus further strengthening biodiversity.

Peacock

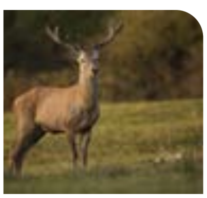
Mongoose

Rabbit

Sparrow

Patridge

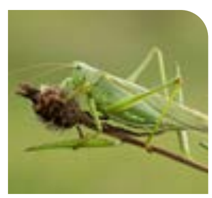
Butterfly



Deer

Wild boar

Porcupine



Grasshopper

Snake

Honey bees

Other Benefits include

Reduction in local temperature

Soil enrichment and prevention of degradation

Reduction of runoff and greater absorption of groundwater leading to water retention and groundwater recharge of the area

Business Responsibility & Sustainability Report

SECTION A GENERAL DISCLOSURES

I. DETAILS OF THE LISTED ENTITY

1.	Corporate Identity Number (CIN) of the Listed Entity	**L67120MH2008PLC181833**
2.	Name of the Listed Entity	**L&T Finance Limited (formerly known as L&T Finance Holdings Limited)**
3.	Year of incorporation	**2008**
4.	Registered office address	**Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai- 400098, Maharashtra, India**
5.	Corporate address	**Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai- 400098, Maharashtra, India**
6.	E-mail	**igrc@ltfs.com**
7.	Telephone	**+91 22 6212 5000**
8.	Website	**www.ltfs.com**
9.	Financial year for which reporting is being done	**FY24**
10.	Name of the Stock Exchange(s) where shares are listed	**BSE, NSE**
11.	Paid-up Capital	**₹ 24,88,94,03,100 comprising 2,48,89,40,310 equity shares of ₹ 10 each**
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	**Name:** Apurva Rathod **Telephone:** 022 6212 5000 **Email:** igrc@ltfs.com
13.	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	**Disclosures in this report are made on a consolidated basis**
14.	Name of assurance provider	**Deloitte Haskins & Sells LLP**
15.	Type of assurance obtained	**Limited Assurance**

II. PRODUCTS/SERVICES

16. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of main activity	Description of business activity	% of turnover of the entity (FY24)
1	Lending	**Retail Business** **Rural Business Finance** • Rural Group Loans and Micro Finance (JLG) • Rural LAP **Farmer Finance** • Farm Equipment Finance • Agri-Allied Finance **Urban Finance** • Two-Wheeler Finance • Personal Loan • Home Loans and Loan Against Property **SME Finance** • Loans to Professionals and Traders	91

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	Retail business contribute to more than 90% of the total turnover	64200	>90%

III. OPERATIONS

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of branches*	Number of offices*	Total
National	1,964	1	1,965
International	NA#		

*As per RBI definition. Link: https://www.rbi.org.in/commonman/English/Scripts/Notification.aspx?Id=583#b

#NA: The company has no branches/operations outside India.

19. Markets served by the entity:

a. Number of locations

22#
National (No. of States)

NA
International (No. of Countries)

#20 states and 2 Union Territories

b. What is the contribution of exports as a percentage of the total turnover of the entity?

- NA*

  *NA: LTF is a NBFC with all operations in India and does not export internationally.

c. A brief on types of customers

- LTF serves the lending needs of both the urban and rural sectors and has a customer base of 2.3 Cr
- Rural customers consist of Women Entrepreneurs and Farmers with a customer database of ~1.5 Cr and Urban customers consists of Salaried/Self employed/Business Persons/Professionals with a database of ~0.77 Cr
- Rural Business Finance (Rural Group Loans, Micro Finance and Rural LAP) serves the rural enterprises
- Farmer Finance serves the rural farmers
- For urban individuals, LTF offers three products: Home Loans / LAP, Personal Loans and Two-Wheeler Finance under its Urban Business
- SME Finance serves professionals and traders

IV. EMPLOYEES

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)
EMPLOYEES								
1	Permanent (E)	30,534	29,143	95	1,391	5	0	0
2	Other than Permanent (F)	-	-	-	-	-	-	-
3	**Total employees (E + F)**	**30,534**	**29,143**	**95**	**1,391**	**5**	**0**	**0**
WORKERS: NA*								

b. Differently abled Employees and workers:

S. No.	Particulars	Total (A)	Male		Female		Other	
			No. (B)	% (B / A)	No. (C)	% (C / A)	No. (D)	% (D / A)
DIFFERENTLY ABLED EMPLOYEES								
1	Permanent (E)	4	4	100	0	0	0	0
2	Other than Permanent (F)	0	0	0	0	0	0	0
3	**Total differently abled employees (E + F)**	**4**	**4**	**100**	**0**	**0**	**0**	**0**
DIFFERENTLY ABLED WORKERS: NA*								

*NA: No workers are employed by the Company and hence the details are not applicable

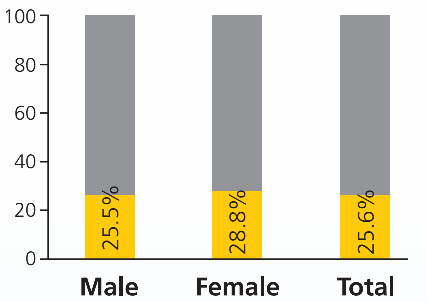
21. Participation/Inclusion/Representation of women:

Location	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	11	2	18
Key Management Personnel	4	1	25

22. Turnover rate for permanent employees and workers

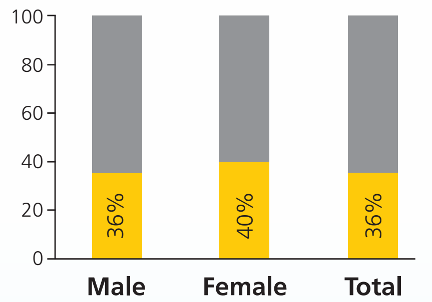
(Disclose trends for the past 3 years)

Permanent Employees | **Permanent Workers** NA



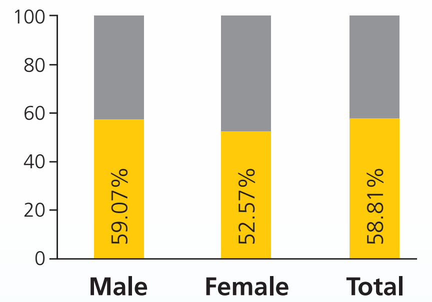
FY24

(Turnover rate in current FY)



FY23

(Turnover rate in previous FY)



FY22

(Turnover rate in the year prior to the previous FY)

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Larsen & Toubro Limited	Holding	65.86	No*
2	L&T Financial Consultants Limited	Subsidiary	100	Yes
3	L&T Infra Investment Partners Trustee Private Limited	Subsidiary	100	Yes
4	L&T Infra Investment Partners Advisory Private Limited	Subsidiary	100	Yes
5	Grameen Capital India Private Limited	Associate	26	No#

* The holding company is an equity listed entity and accordingly has a separate BRSR

No significant influence as per Ind AS 28 and no consolidation of accounts with LTF

VI. CSR DETAILS

24.

Whether CSR is applicable as per section 135 of Companies Act, 2013:	**Yes**
Turnover	**₹ 14,055.12 Cr**
Net worth	**₹ 23,438.44 Cr**

25. Transparency and Disclosures Compliances

Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes https://www.ltfs.com/docs/default-source/reports-policies/comittee-and-csr-policy/Corporate-Social-Responsibility-Policy395423db-7244-4f81-89fd-df9cf8000bb0	0	0	-	0	0	-
Investors* (other than shareholders)	Yes https://www.ltfs.com/grievance-redressal	72	0	-	565	0	-
Shareholders	Yes https://www.ltfs.com/contact-us	4	0	-	8	0	-
Employees and workers	Yes (Code of Conduct) https://www.ltfs.com/docs/default-source/financialresult/governance/Code-of-Conduct-for-Senior-Management-and-Employee	4	0	-	0	0	-
Customers	Yes https://www.ltfs.com/grievance-redressal	27,529	767	-	23,439	1,711#	-
Value Chain Partners	Yes (Third-Party Code of Conduct) https://www.ltfs.com/docs/default-source/reports-policies/sustainability-other-related-policies/Third-Party-Code-of-Conduct	0	0	-	0	0	-
Other (please specify)	-	-	-	-	-	-	-

* Holders of Non-Convertible Debentures

The counts mentioned include the counts of complaints received from RBI

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material identified issue
1	Business Ethics
2	Corporate Governance
3	Regulatory Compliance
4	Transparency and Disclosure
5	Brand Reputation
6	Climate Strategy and Risk
7	Return on Equity/ Return to Shareholders
8	Privacy and Data Security
9	Occupational Health and Safety
10	Providing transport and fair advice to stakeholders and consumer financial protection
11	Sustainable Finance
12	Maintenance of Credit Ratings
13	Data Analytics for Early Warning Signals

S. No.	Material identified issue
14	Customer Relationship Management
15	Risk and Crisis Management
16	Business Model Resilience
17	Human Capital Development
18	Financial Inclusion and Enhancing Rural Livelihood
19	Human Rights
20	Diversity, Inclusion and Equity
21	Global Economic and Domestic Policy Advocacy
22	Emissions in Operations
23	Local Community Development
24	Digital Innovation
25	Resource Efficiency

Please refer the IAR FY24, section Stakeholder Engagement and Materiality Assessment for the material responsible business conduct issues and details of identified risk or/and opportunity

SECTION B MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

P1
Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

P2
Businesses should provide goods and services in a manner that is sustainable and safe

P3
Businesses should respect and promote the well-being of all employees, including those in their value chains

P4
Businesses should respect the interests of and be responsive to all its stakeholders

P5
Businesses should respect and promote human rights

P6
Businesses should respect and make efforts to protect and restore the environment

P7
Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

P8
Businesses should promote inclusive growth and equitable development

P9
Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions			P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes											
1.	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	b.	Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
	c.	Web Link of the Policies, if available	**Please refer the section policy Compendium for accessing the policies**								
2.	Whether the entity has translated the policy into procedures. (Yes / No)		Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to your value chain partners? (Yes/No)		Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.										
	Principle 1		ISO 20000:2018								
	Principle 2, 3, 4, 5 and 7		-								
	Principle 6		LEED GOLD Certification, Green Certification, ISO 14064-2:2019								
	Principle 8		ISO 26000:2010								
	Principle 9		ISO 27001:2013								
5.	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**		Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	**Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.**		Target met	Target met	Target met	Target met	Target met	Target met	Target met	Target met	Target met
Governance, leadership and oversight											

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

Managing Director and Chief Executive Officer;

"As a responsible business focused on ethics and values, LTF was an early adopter of sustainability and instituted ESG as one of the core pillars of its business strategy. LTF endeavors to build an ESG conscious organisation.

LTF remains steadfast in its commitment to achieving Carbon Neutrality by FY35 and has made noteworthy strides in that direction. In addition to our corporate office, this year we have switched 24 of our branches to green power with an ~18% reduction in estimated carbon footprint for FY24. ~99% of our Maharashtra operations run on green power while 39% of our overall business operates on renewable energy. We have also calculated the Financed emissions for our Two Wheeler and Farmer implement/tractor portfolios in addition to the employee commute.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9

We secured ₹ 9,444 Crore Sustainability focussed and Priority lending Loans and 51.60% of the Company's loan book is from low-income states - thus promoting equitable development. LTF also developed and released its Sustainable Finance framework with a second party opinion. Additionally, the Company also conducted tree plantation drives under the project 'Prakruti' that mitigates carbon footprint while providing additional livelihood opportunities to farmers. The Company has replenished 50x of our water consumption and has maintained a water-positive stance.

We launched the Diversity, Equity and Inclusion workshops for our employees in Middle management. We have also taken systematic steps towards Occupational Health and Safety by formalizing the Hazard Identification and Risk Assessment framework. This year we also undertook maiden initiatives like the "Net Promoter Score" (NPS) initiative to gauge customer loyalty and satisfaction across all products during the Customer onboarding journey and engaged with more than 85% of our upstream and downstream value chain partners on ESG.

The Company expanded its Digital Sakhi program in new geographies, successfully implementing in 9 states across India, empowering ~12.5 lakh people in FY24. These projects will continue to empower women and communities through digital financial literacy and awareness about government entitlement schemes.

On the governance front, the subsidiaries, namely L&T Finance Ltd., L&T Infra Credit Ltd., and L&T Mutual Fund Trustee Ltd. were merged under one entity i.e. L&T Finance Holdings Ltd. (LTFH), creating a "Single Lending" entity. The single operational lending entity was also renamed as L&T Finance Limited. This will allow seamless corporate governance, and increase operational efficiencies, and synergies in treasury and liquidity management.

Going forward our focus will be towards ensuring our performance is consistent, predictable, and sustainable. And, while doing this we will ensure that we do our best towards contributing to the nation building agenda by helping more Indians through best products and services and even through job creation.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies

Sudipta Roy

Managing Director and Chief Executive Officer

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, CSR and ESG Committee

The role of the Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Committee is crucial in ensuring that your Company operates in a responsible and sustainable manner. In accordance with Section 135 of the Companies Act, 2013, the Board has constituted this Committee to guide and oversee the direction of CSR and ESG initiatives. One of the key responsibilities of the CSR and ESG Committee is to review the CSR and ESG policies and the progress made in achieving sustainability, CSR and ESG goals.

Name of the Committee	Designation of the Committee	Nature of Directorship
Rajani R. Gupte	Chairperson	Independent Director
R. Seetharaman	Member	Independent Director
Sudipta Roy	Member	Managing Director and Chief Executive Officer
Dinanath Dubhashi	Member	Whole-time Director

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Focused conversations on NGRBC policies and performance serve as a regular feature of the Company's quarterly Board meetings and newsletters. Every year, the CSR and ESG Committee evaluates the ESG performance. The leadership of the Company, which includes the Managing Director and Chief Executive Officer, also regularly review ESG performance. All the policies of the Company are approved by the Board/respective committees and reviewed periodically or on a need basis, but at the least, annually.																	
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with the extant regulations and principles as are applicable. Except for the penalties mentioned, there were no material non-compliances with respect to statutory / regulatory requirements.																	

		P1	P2	P3	P4	P5	P6	P7	P8	P9
11.	Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

LTF has an Internal Audit team which periodically audits the policies and processes with the help of external auditors. Third-Party Code of Conduct policy was reviewed by external expert/consultant.

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

NA

SECTION C PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1

Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

<table>
<tr><th>Segment</th><th>Total number of training and awareness programmes held</th><th>Topics / principles covered under the training and its impact</th><th>%age of persons in respective category covered by the awareness programmes</th></tr>
<tr><td>Board of Directors (BoD)</td><td rowspan="2">14</td><td rowspan="2">1) Macro environment
2) Industry outlook
3) IT, Data Analytics and Digital
4) Information and Security Awareness
5) ESG
6) Marketing strategies
7) Risk management</td><td rowspan="2">100</td></tr>
<tr><td>Key Managerial Personnel</td></tr>
<tr><td>Employees other than BoD and KMPs</td><td>2,714</td><td>1) KYC/AML
2) Prevention of Sexual Harassment
3) Code of Conduct
4) Vigil Mechanism
5) Human Rights
6) Information and Security awareness
7) ESG
8) Insider trading and securities dealing code</td><td>100</td></tr>
<tr><td>Workers</td><td colspan="3">NA</td></tr>
</table>

Note: Regular emails on awareness of topics related to principles are sent to employees and directors, as required

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: Disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	**Name of the regulatory/ Enforcement agencies/ judicial institutions**	**Amount (In ₹)**	**Brief of the case**	**Has an appeal been preferred? (Yes/No)**
Penalty	Principle 1	Reserve Bank of India	Penalty of ₹ 2.5 Cr was levied on L&T Finance Limited, a material wholly-owned subsidiary of the Company (which has been merged with the Company effective December 04, 2023)	The statutory inspection of L&T Finance Limited, a material wholly-owned subsidiary of the Company ("LTF") was conducted by Reserve Bank of India ("RBI") with reference to its financial position as on March 31, 2021 and March 31, 2022 and after examination of all the related correspondence and Company's reply and submissions, RBI observed a non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly, the RBI vide its order dated October 17, 2023 (received by LTF on October 20, 2023) had imposed a monetary penalty of ₹ 2.50 Cr on LTF for such non-compliance. Further, LTF has paid the said penalty on November 02, 2023 and has already taken corrective actions and strengthened various processes and controls in relation to the deficiencies observed and it has no material impact on financial, operation or other activities of the Company	No

Monetary					
	NGRBC Principle	**Name of the regulatory/ Enforcement agencies/ judicial institutions**	**Amount (In ₹)**	**Brief of the case**	**Has an appeal been preferred? (Yes/No)**
Penalty	Principle 1	Assistant Commissioner of Central Tax, Office of the Assistant Commissioner of Central Tax, Ameerpet GST Division, Srinagar Colony, Hyderabad, Telangana	Penalty of ₹ 8,31,810 has been imposed u/s 73 of the Central Goods and Services Tax Act, 2017 in the name of LTF (which has been merged with the Company effective December 04, 2023)	On account of short tax paid and excess claim of ITC	Yes (Appeal to be filed on or before due date)
Penalty	Principle 1	Additional Commissioner of State Tax (Appeal), Office of the Appellate Authority, Bihar, Central Division, Patna	Penalty of ₹ 12,596 has been imposed u/s 73 of the Central Goods and Services Tax Act, 2017 in the name of LTF (which has been merged with the Company effective December 04, 2023)	On account of short tax paid	Yes (Appeal to be filed on or before due date)
Penalty	Principle 1	Department of Goods and Service Tax, Government of Tamil Nadu	Penalty of ₹ 2,49,42,868 has been levied for F.Y. 2017-18 under Section 73 of the Central Goods and Services Tax Act, 2017 in the name of L&T Housing Finance Limited (which was earlier merged with L&T Finance Limited ("LTF") and LTF has been merged with the Company effective December 04, 2023)	1. Excess claim of Input Tax Credit due to mismatch in GSTR-3B vs. GSTR-2A; 2. Levy of tax on income which were categorised under "Exempt Supply"; 3. Reversal of Input Tax Credit on expenses and trade payables; 4. Levy of tax on additions and deletions to fixed assets; 5. Tax liability due to mismatch in reconciliation of turnover as per financial statements with GST returns; and 6. Input Tax Credit reversal as per Rule 42 of the Central Goods and Services Tax Rules, 2017.	Writ Petition Filed on March 29, 2024. Order received on April 12, 2024 setting aside the demand order and matter is remanded back for reconsideration

Monetary

	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred? (Yes/No)
Penalty	Principle 1	Department of Trade and Taxes, Government of NCT of Delhi	Penalty of ₹ 40,772 has been levied under Section 73 of the Central Goods and Services Tax Act, 2017 in the name of L&T Finance Limited (which has been merged with the Company effective December 04, 2023)	Input tax credit (ITC) for FY18 availed on goods and services received from dealers whose GST Number has been cancelled / who have defaulted in filing returns / tax non payers	Yes (Appeal filed)
Penalty	Principle 1	Department of Goods and Services Tax, Government of Andhra Pradesh	Penalty of ₹ 20,000 has been levied under Section 73 of the Central Goods and Services Tax Act, 2017 in the name of L&T Finance Limited, a wholly-owned material subsidiary of the Company (which has been merged with the Company effective December 04, 2023)	Ineligible input tax credit (ITC) for FY18 on account of cancellation of the GST Number of the supplier	No (Amount paid)
Penalty	Principle 1	Department of Goods and Services Tax, Government of Gujarat	Penalty of ₹ 49,682 has been levied under Section 73 of the Central Goods and Services Tax Act, 2017 in the name of L&T Housing Finance Limited (which was earlier merged with L&T Finance Limited ("LTF") and LTF has been merged with the Company effective December 04, 2023)	Excess claim of ITC due to mismatch in GSTR-3B vs. GSTR-2A for FY18	Yes (Amount paid and appeal filed)

Monetary					
	NGRBC Principle	**Name of the regulatory/ Enforcement agencies/ judicial institutions**	**Amount (In ₹)**	**Brief of the case**	**Has an appeal been preferred? (Yes/No)**
Penalty	Principle 1	Department of Goods and Service Tax, Government of Uttarakhand	Penalty of ₹ 20,000 has been levied under Section 73 of the Central Goods and Service Tax Act, 2017 in the name of L&T Finance Limited, a wholly owned subsidiary of the Company (which has been merged with the Company effective December 04, 2023)	Tax liability declared in GSTR-3B is less than GSTR-1 for FY18	Yes (Appeal filed)
Penalty	Principle 1	Department of Goods and Service Tax, Government of Maharashtra	Penalty of ₹ 30,12,384 under Section 73 of the Central Goods and Service Tax Act, 2017 in the name of L&T Finance Limited, a wholly owned subsidiary of the Company (which has been merged with the Company effective December 04, 2023)	1. Excess outward tax in GSTR 9 compared to GSTR 3B 2. Excess claim of Input Tax Credit; 3. Claiming of blocked credit as per Section 17(5) of the Central Goods and Service Tax Act, 2017 4. Non-payment of IGST under reverse charge mechanism on service charges paid for accessing the VAHAN portal	Yes (Appeal filed)
Settlement	NA	NA	NA	NA	NA
Compounding fee	NA	NA	NA	NA	NA

Non-Monetary				
	NGRBC Principle	**Name of the regulatory/ Enforcement agencies/ judicial institutions**	**Brief of the Case**	**Has an appeal been preferred? (Yes/No)**
Imprisonment	0	0	0	0
Punishment	0	0	0	0

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed:**

In terms of the instances wherein appeal has been referred to as disclosed in question 2 above, the necessary appeals have been filed with the respective state GST Appellate Authorities.

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy:**

Yes

The Anti-Corruption Policy addresses in detail and effectuates the Company's commitment to comply with Laws, Rules and Regulations relating to interactions with Government officials with respect to the Company's business and details certain provisions of our Code of Conduct. This policy does not prohibit interactions with Government officials; rather, it forbids corrupt interactions with those individuals. Its purpose is to help the Company's employees identify and avoid situations that could potentially violate anti-bribery and anti-corruption laws or create any appearance of impropriety.

This policy is applicable to all directors, officers, and employees, as well as all outside parties acting on behalf of the Company in India as well as in foreign jurisdiction, including but not limited to, contract workers, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners.

Please refer the section Policy Compendium for accessing the policy.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	NA	NA

6. **Details of complaints with regard to conflict of interest:**

	FY24 (Current Financial Year)		FY23 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest:

NA*

*There are no regulatory directions against LTF and/ or pendency of proceeding pertaining to anti-competition law to the best of our knowledge.

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Number of days of accounts payables	3.88*	3.65*

*Only billed dues are considered

9. Open-ness of business

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

	Metrics	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	-	-
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	NA*	NA*
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to top 10 dealers / Distributors as % of total sales to dealers / distributors		
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	6.88%	1.92%
	b. Sales (Sales to related parties / Total Sales)	0	0
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	0	0
	d. Investments (Investments in related parties / Total Investments made)	0	0

*We have over 13,000+ distribution touch points through which we distribute our financial services products wherein customers who come to purchase Farm Equipment or Two-Wheeler may choose our services. These includes authorised dealers of farm and two - wheeler OEMs with whom we have tie-ups wherein, we are present in their dealerships as a financier.

Similarly, for our Personal Loans and Home Loans business, we have tie-ups with Direct Selling Agents (DSA) and developers through which customers may choose to avail home loans, loan against property, personal loans and SME finance. However, all loans are disbursed directly by LTF and these tie ups are with DSAs and Developers are customer touchpoints only. Therefore, this performance indicator is not applicable in case of our business model.

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
4	All 9 principles	>75

As part of the signing of the Third-Party Code of Conduct, since FY22 all vendors are made aware of LTF's ESG requirements and ESG and sustainability-related policies that they need to adhere to and abide by. Additionally, in FY24, LTF finalised a Value Chain ESG Assessment framework and rolled out the assessment covering >75% of its value chain partners (upstream and downstream). As part of the same, awareness sessions were organised for value chain partners.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same:

Yes

As per our Code of Conduct applicable to Non-Executive Directors, the Directors cannot be involve in a situation in which they may have a direct or indirect interest that conflicts or possibly may conflict with the interest of the Company. The Company follows the principle of 'no conflict of interest' while inducting a Director on its Board and strives to maintain the same throughout the Board member's tenure.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively:

NA*

*LTF has undertaken several initiatives to digitse process and products. However, it does not have a dedicated R&D department.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) :

- Yes

b. If yes, what percentage of inputs were sourced sustainably?

0.1%*

*Sustainable sourcing of products is not a material issue for the Company, given that financial products are service oriented and not resource-intensive in terms of materials. Through digitization of products and services, usage of recycled paper, green chemicals for sanitation purposes and energy efficient appliances (LED's, ACs), procurement of green power at HO and 24 other branches, the Company ensures sustainable practices through its procurement.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:**

LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product which needs to be safely reclaimed for reusing, recycling and disposing at the end of life. Moreover, the Company recycles all the e-waste generated through an authorised recycler. LTF has taken up and achieved the target of Zero-Single use plastic at its corporate office and uses steel bins instead of plastic bins for disposal of food waste and waste generated by employees. Also, through awareness on recycling of waste, segregation of waste, LTF encourages sustainable ways of handling its waste and has appointed a certified waste segregator at HO as part of its action towards zero waste to landfill.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No):**

No

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

NA

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

No*

*LTF has undertaken estimation of its financed emissions on select portfolios. However, LTF intends to evaluate a comprehensive LCA for its services if feasible.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same:**

Name of Product / Service	Description of the risk / concern	Action Taken
NA	NA	NA

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry):**

Recycled or re-used input material to total material — FY24 Current Financial Year	Indicate input material	Recycled or re-used input material to total material — FY23 Previous Financial Year
47%	Recycled Paper	21%

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed of:** NA

	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)	NA*					
E-waste						
Hazardous waste						
Other waste						

*LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product which needs to be safely reclaimed for reusing, recycling and disposing at the end of life.

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category:**
   - As a service industry (NBFC), we deliver services and do not produce any products that require packaging materials.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA*	NA*

* LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product which needs to be safely reclaimed for reusing, recycling and disposing at the end of life.

PRINCIPLE 3

Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. **Details of measures for the well-being of employees:**

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	29,143	29,143	100	29,143	100	0	-	29,143	100	0	0
Female	1,391	1,391	100	1,391	100	1,391	100	0	-	0	0
Other	-	-	-	-	-	-	-	-	-	0	0
Total	**30,534**	**30,534**	**100**	**30,534**	**100**	**1,391**	**5**	**29,143**	**95**	**0**	**0**
Other than Permanent employees - 0											

b. **Details of measures for the well-being of workers:**

NA

c. **Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Cost incurred on well- being measures as a % of total revenue of the Company	0.40*	0.48*

*Aforementioned well-being costs, includes staff welfare costs including costs incurred for health insurance, accident insurance, term life insurance cost, wellbeing app subscription expenses amongst others for employees.

2. Details of retirement benefits:

Benefits	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	67	NA	Y	72	NA	Y
Others – please specify	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard:

Yes

Necessary arrangements have been made at the corporate office and one branch in Kolkata to provide access to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Also, LTF has put in place an ESG due diligence process for opening of new branches, which also checks whether there are provisions regarding accessibility by PWDs.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy:**

Yes

The policy is available at: https://www.ltfs.com/docs/default-source/reports-policies/sustainability-other-related-policies/(6)-Humna-Rights-policy

5. **Return to work and Retention rates of permanent employees and workers that took parental leave:**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	48%	NA	
Female	100%	33%		
Other	0	0		
Total	100%	40%		

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief:**

	(If yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	Yes
Other than Permanent Employees	-

Employees can address their complaints and grievances through multiple channels. Employees can report any breach of Code of Conduct by sending an email to code@ltfs.com. The Code of Conduct committee comprises of senior Company officials, who investigate the complaints thoroughly. Incidents of sexual harassment can be reported by sending an email to wecare@ltfs.com. The Internal Committee, which consists of senior organisational officials/leaders, conducts appropriate investigation into the complaints as per the POSH policy. Any unethical conduct or any action that is against LTF's interests can be reported by sending an email to whistleblower@ltfs.com. The Company strives to ensure speedy resolution of grievances through various channels and ensuring confidentiality.

For more inputs please refer to Corporate Governance and Human Capital Section of the Integrated Annual Report.

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

NA*

*LTF does not have any employee associations. However, LTF respects the right to freedom of association and does not discourage collective bargaining.

8. Details of training given to employees and workers:

Category	FY24 (Current Financial Year)					FY23 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C/A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	29,143	28,041	96	28,414	97	26,507	24,855	94	16,122	61
Female	1,391	1,315	95	1,322	95	999	874	87	349	35
Other	-	-	-	-	-	-	-	-	-	-
Total	**30,534**	**29,356**	**96**	**29,736**	**97**	**27,506**	**25,729**	**94**	**16,471**	**60**
Workers - NA										

9. Details of performance and career development reviews of employees and worker:

Category	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	29,143	24,997	85.77	26,507	21,782	82.17
Female	1,391	1,189	85.48	999	794	79.48
Other	-	-	-	-	-	-
Total	**30,534**	**26,186**	**85.76**	**27,506**	**22,576**	**82.08**
Workers - NA						

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?**

Yes

LTF's Health and Safety policy has been approved by the Board and CSR and ESG Committee. The policy is applicable to all LTF offices and branches. Various health and safety initiatives and measures have been implemented for all employees in accordance with the policy, such as Stepathon, workshops on mental and physical health, awareness campaigns about LTF's health and safety programmes and benefits.

LTF also sets goals to strengthen its health and safety procedures. LTF is also a signatory to the WASH initiative. For new hires dedicated training on road safety during their induction is carried out. Regular monitoring and review of all safety appliances, such as firefighting equipment and artificial defibrillators, is conducted, on a regular basis.

In addition to various initiatives, in FY24, LTF conducted an Hazard Identification and Risk Assessment study covering HO and branches in all four zones. Helmets were also distributed to frontline officers as safety gears at multiple locations PAN India.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

In FY24, LTF conducted Hazard Identification and Risk Assessment study noting down potential hazards as observations in the set template validated by external expert. A total of 14 samples sites, HO and branches across all 4 zones, pan India were covered under the Hazard Identification and Risk Assessment ("HIRA"). LTF has put in place an ESG Framework for opening of new branches including points to identify work related hazards and risk.

LTF ensures that the workplace is designed with the health and safety of its employees in mind. Fire extinguishers are available for use in branches. The Company ensures that the fire extinguishers are regularly refilled and appropriately monitored. Regular communications are made regarding the proper use of fire extinguishers as well as other dos and don'ts in the event of a fire emergency. In order to support and provide a secure and germ-free working environment for employees, the Company has installed an Ultra Violet - C ("UVC") Nanotechnology AC system in the corporate headquarters. In addition to the same, the Company has conducted two fire mock drills in case of emergency evacuation at corporate office. To ensure that safety is not compromised, the internal Facility Management staff also closely monitors all areas of the facility.

Experts in both road safety and EMI collection safety train new hires. A method for safely collecting EMI has been created. In order to promote proper posture and working circumstances, ergonomic seats and furniture are provided.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks:**

NA

d. **Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?**

Yes

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY24* (Current Financial Year)	FY23* (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	0	0
	Workers	NA	NA
No. of fatalities	Employees	0	0
	Workers	NA	NA
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	NA	NA

*Above data pertains to LTF premises/office

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

Various health and safety initiatives are implemented across locations. LTF has conducted HIRA study to identify potential hazards and risks related to it and provide control measures to abate the hazards and risk pertaining to them. All branches are equipped with regularly monitored and refilled fire extinguishers. Guidelines for using fire safety equipment are communicated consistently. At the corporate office, a UVC Nanotechnology AC system has been installed to provide a safe and germ-free working environment for employees. Awareness is spread on wellbeing of individual employees. On periodic intervals, Sensitisation emailers were sent to employees regarding Workplace ergonomics and Air Quality alerts. Both periodic maintenance and unforeseen inspections are carried out to guarantee that every location is kept up to date and safe from any mishaps.

Employee health, including that of their families, is taken into consideration in addition to physical safety. Medical insurance is provided by the Company to all workers and their dependents.

13. Number of complaints on the following made by employees and workers:

	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health and Safety	0	0	-	0	0	-

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	1
Working Conditions	1

- LTF conducted Hazard Identification and Risk assessment (HIRA) considering samples sites, including HO, covering all 4 zones at pan India level
- HIRA training conducted through external expert covering different stakeholders from multiple departments, creating a bench strength to further enhance the health and safety practices
- ESG Framework in place covering important ESG aspects for identifying and setting up of new branches
- Pest control for branches
- Hygiene bins services are provided at HO and across multiple branches pan India
- Maintenance contracts are in place for safety practices in various branches

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions:

The Company has been following standard operating procedures so as to comply with state/local level extant regulations and ensures safety and hygiene protocols. Necessary safety practices are being followed by employees, customers and other visitors on Company premises. Additionally, the gaps were also addressed, if any, observed in the HIRA assessment. Helmets were provided to frontline employees as safety gears as a preventive measure.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N):

Employees- Yes

Workers- NA

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners:

LTF implemented a Third-party Code of Conduct since FY22. The Code establishes standards and sets expectations from its value chain partners with regards to terms of ethical and responsible business practices and conduct, including inter-alia statutory compliance, governance, sustainable sourcing, environmental stewardship and socially sustainable practices. Thus, through awareness and necessary certifications, LTF ensures that statutory dues have beendeducted and deposited by the value chain partners.

3. **Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total No. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY24 (Current Financial Year)	FY23 (Previous Financial Year)	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Employees	0	0	0	0
Workers	NA	NA	NA	NA

4. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No

5. **Details on assessment of value chain partners:**

LTF has finalised a Value Chain ESG Assessment framework and rolled out the assessment covering >75% of its value chain. Going forward, based on the responses received from value chain partners, LTF also aims to conduct an awareness session on Third-Party Code of Conduct (TPCOC) with its value chain.

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety conditions	>75
Working conditions	>75

6. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners:**

No corrective action was necessitated during FY24.

PRINCIPLE 4

Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity:

LTF believes in partnering with its various stakeholders to build shared value and uses a structured approach of stakeholder identification. The Company's stakeholders include both individuals and organisations, within and outside the Company, who are significantly impacted by its business operations. LTF's ongoing engagements are designed to determine the needs and priorities of stakeholders, communicate the Company's efforts to fulfil their expectations, and provide speedy resolution of grievances. LTF uses a variety of structured engagement channels to gain insights into stakeholder views and concerns. For more inputs, please refer to Stakeholder Engagement and Materiality Assessment Section of the Integrated Annual Report.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	E-mail, Intranet, Website, SMS, Podcasts, Radio, WhatsApp, Town Halls, Employee Survey, Engagement events	Monthly, Quarterly and need based	a) Talent management b) Employee engagement c) Learning and development d) Productivity e) Work-life balance f) Staff welfare and g) Health and Safety h) Remuneration and employee benefits
Investors	No	Website, Quarterly Investor presentations, Quarterly Investor calls, Investor meetings, non-deal roadshows (NDR)	Quarterly	a) Market outlook b) Business strategy c) Operational efficiency d) Long-term business performance e) ESG risks and opportunities in business f) Technology in business

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulators	No	E-mail, Physical Documents	Need based, as prescribed under regulations	a) Compliance with rules and regulations b) Corporate governance framework c) Long-term business performance d) Financial performance e) Prudent business practices f) Workforce engagement
Customers	Yes	E-mail, SMS, calls, digital avenues like chat-bot, WhatsApp, self-help website and PLANET App	Monthly, Quarterly and Annually (need based)	a) Best-in-class service for customers b) Effective customer grievance redressal mechanism c) Net Promoter Score (NPS) for customer satisfaction d) Maintaining customer data privacy and security e) Suitability of products and service f) Transparent and fair advice
Vendors and CSR Implementing project partners	No	Website, meetings, surveys	Quarterly and Annually	a) Fair contractual terms and adherence thereto b) ESG Assessment c) Transparent, ethical and long-term business relations d) Regular exchange of technical know-how
Community	Yes	Community meetings, House-hold visits	Annually, at periodic intervals as part of implementing CSR initiatives	a) Stakeholder programmes to advocate sustainable customer behaviour b) Digital financial inclusion c) Advocacy of best practices d) Public policy advocacy e) Disaster management f) Road safety g) Integrated water resource management h) Sustainable Livelihood through tree plantation

Key concerns or topics raised by various stakeholders are considered, and if found relevant, necessary actions are taken including amendments to the policies.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board:

a) The management team of your Company regularly interacts with various stakeholders at periodic intervals through varied means to gather insights as well as seek their feedback and inputs on pertinent issues. The insights / feedback / inputs so received are discussed and if found feasible, presented to the Board as well as its Committees through various means like incorporating them in the policy framework, carrying out process improvements, etc.

b) In addition to the aforesaid, Board members also interact with customers directly during the branch / field visits conducted by them. The Chairperson of the Audit Committee independently interacts with the auditors and rating agencies and provides the feedback to the Board.

Thus, there exits a strong process on consultation with the stakeholders and keeping the Board aware of the insights / feedback / inputs.

For more inputs please refer to Corporate Governance Section of the Integrated Annual Report

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity:

Yes

On a number of important projects, LTF engages third-party consultants who then interact with different stakeholders to provide responsible solutions. An independent consultant has been engaged to offer advice on ESG-related matters, particularly value chain engagement. Second party studies by independent consultants on tree plantation, social impact and employee engagement survey were also undertaken.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups:

LTF has been successful in meeting the requirements of the marginalised and vulnerable population through its Rural Business Finance, Farmer Finance. LTF has effectively reached out to communities through our Sustainability Focused Loans and Priority Sector Lending. Through our CSR programmes, we remained resolute in our pursuit of the Sustainable Development Goals and the empowerment of marginalised populations.

PRINCIPLE 5 Businesses should respect and promote human rights

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
Employees						
Permanent	30,534	29,356	96	27,506	21,007	76
Other than permanent	0	0	0	0	0	0
Total employees	**30,534**	**29,356**	**96**	**27,506**	**21,007**	**76**
Workers - NA						

2. Details of minimum wages paid to employees and workers, in the following format:

Category		FY24 (Current Financial Year)					FY23 (Previous Financial Year)				
		Total (A)*	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
			No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees											
Permanent	Male	29,143	681	2	28,462	98	26,507	1,047	4	25,460	96
	Female	1,391	92	1	1,299	93	999	28	3	971	97
	Other	0	0	0	0	0	0	0	0	0	0
Other than permanent		0	0	0	0	0	0	0	0	0	0
Total employees		**30,534**	**773**	**2.5**	**29,761**	**97**	**27,506**	**1,075**	**3.9**	**26,431**	**96**
Workers - NA											

3. **Details of remuneration/salary/wages, in the following format:**

a. **Median remuneration / wages:**

Category	Male		Female		Other	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	9	35,90,000*	2	17,17,500	0	0
Key Managerial Personnel	3	4,10,00,000	1	NA	0	0
Employees other than BoD and KMP	29,140	2,30,000	1,390	2,35,200	0	0
Workers	NA	NA	NA	NA	NA	NA

*For Non-Executive Directors (except Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman who do not draw remuneration from the Company), fees and commission paid in respect of the Company as per the criteria and structure approved in FY22 considered

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

	FY24 (Current Financial Year) (%)	FY23 (Previous Financial Year) (%)
Gross wages paid to female as % of wages paid	6.73*	6.30*

* Gross wages are considered as Cost-to-Company (CTC) for the employees

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Adherence of Human Rights is critical and a basic requirement at LTF. The Code of Conduct for employees covers all ethical and responsible business conduct. Any violation to the Code of Conduct can be reported to the Code of Conduct Committee. The violations can be reported by writing a mail to code@ltfs.com.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues:

LTF derives its principles and values from its parent company, L&T. This includes respecting honest, ethical, and professional standards of behaviour as well as respect for human values and individual dignity. The Company has put in place a Code of Conduct to ensure that employees are actively guided by these principles and follow them. The Code of Conduct outlines expectations from employees in terms of professionalism, information exchange, and vendor interactions. The training for the Code of Conduct is part of the onboarding process for new employees. Every year, existing non-frontline staff are required to complete the Code of Conduct learning programme and pass the post-training exam. It is a standard practice to conduct awareness campaigns to educate employees on appropriate behaviour in the workplace and ways to express concerns.

Any incident that results in violation of this code can be reported by employees through code@ltfs.com to convey their concerns/issues.

For more inputs please refer to Corporate Governance Section of the Integrated Annual Report.

6. Number of Complaints on the following made by employees and workers:

	FY24 (Current Financial Year)			FY23 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	1	0
Complaints on POSH as a % of female employees / workers	0.07	0
Complaints on POSH upheld	1	0

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

a) LTF is dedicated to establishing a secure work environment for its employees and has zero tolerance for harassment in the workplace. The organisation has put in place a policy for ceasing, prohibiting, and dealing with workplace sexual harassment. Additionally, in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company established an Internal Committee where complaints pertaining to sexual harassment can be filed. The right to work with dignity and protection from sexual harassment are guaranteed by appropriate reporting procedures.

b) Wecare@ltfs.com is the dedicated email address that LTF has set up for employees to report incidents of sexual harassment. To protect the complainant's privacy and maintain confidentiality, the Internal Committee only has access to this email box. An external member serves on the Internal Committee to ensure fair assessment.

c) In compliance with regulatory requirements, a Vigil Mechanism Framework is in place, not only ensuring a structured process for reporting issues without fear of retaliation but also protecting employees from unfair prejudicial employment practices.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No):

Yes

10. Assessments of the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	
Sexual harassment	
Wages	
Discrimination at workplace	0
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

NA*

*There have been no concerns arising from human rights requirements forming part of our TCOC. We have engaged with our value chain on ESG assessment including Human rights.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints:

No significant complaints were substantiated

2. Details of the scope and coverage of any Human rights due-diligence conducted:

Human Rights assessment was carried out as part of the value chain assessment framework covering >75% of value chain partners of LTF (upstream and downstream) (cumulatively, comprising both purchases / sales by value).

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, of the major offices of the Company, HO at Mumbai and the branch located in Kolkata are PWD friendly. Major business of the Company is undertaken at field level or at offices of the dealers or through online mode.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Child labour	>75
Forced/involuntary labour	
Sexual harassment	
Wages	
Discrimination at workplace	
Others – please specify (Employee Wellbeing and Safety, Gender Diversity, Enabling Inclusive Development, Diversity and Inclusion and other environment related topics, etc.)	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above:

The same principles, business ethics, and ESG standards that the Company promotes must be upheld by all of LTF's value chain partners. A vital component of loan agreements and other value chain agreements is adherence to the Third-Party Code of Conduct.

PRINCIPLE 6

Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
From Renewable Sources		
Total electricity consumption (A)	9,328.07 GJ	6,728.52 GJ
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	9,328.07 GJ	6,728.52 GJ
From Non-Renewable Sources		
Total electricity consumption (D)	14,784.08 GJ	14,847.4 GJ
Total fuel consumption (E)	870.38 GJ*	700.6 GJ
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**15,654.46 GJ**	**15,548 GJ**
Total energy consumed (A+B+C+D+E+F)	24,982.53 GJ	22,276.5 GJ
Energy intensity per rupee of turnover (Total energy consumed/ Revenue from operations) (GJ/INR)	0.000000178#	0.000000167#
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	0.000003982**	0.000003713**
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	0.82 GJ/FTE	0.81 GJ/FTE

*Total fuel consumption has increased for FY24 because of implementation of employee wellbeing initiative of meal facility leading to the addition of LPG consumption in the scope.

#For revenue from operations, Total income (Total revenue from operations + Other income) has been considered

**Purchasing Power Parity (PPP): Total Income is adjusted as per International Monetary Fund Implied PPP conversion rate.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Deloitte Haskins and Sells LLP

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any:

No

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Water withdrawal by source (in kilo liters)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water (Municipal water supplies)	3,41,077	2,50,812
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,41,077	2,50,812
Total volume of water consumption (in kilolitres)	3,41,077*	2,50,812
Water intensity per rupee of turnover (Total Water consumption / Revenue from operations)	0.000002427#	0.0000019#
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.000054358**	0.000041803**
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity (kilo litres / FTE)	11.17	9.12

*Increase in total water consumption in FY24 compared to FY23 was due to an increase in employee headcount and branch expansion. However, the Company has replenished 50x more water through rain water harvesting initiatives.

#For revenue from operations, Total income (Total revenue from operations + Other income) has been considered

**Purchasing Power Parity (PPP): Total Income is adjusted as per International Monetary Fund Implied PPP conversion rate.

Note: Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, GeoExTerra (second party subject matter expert reporting agency) and assurance by Deloitte Haskins and Sells LLP.

4. Provide the following details related to water discharged:

NA*

*LTF's usage of water is essentially for domestic purposes like drinking and sanitation for employees and being a service sector company, no effluent discharge is involved in its business activity.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation:**

LTF has a STP installed at corporate office through which LTF uses the treated water for gardening purposes, and rest is directed to municipal sewers. Also, LTF has also carried out an internal assessment study of Zero-Liquid Discharge and has built a roadmap for pan India.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
NOx	PPM	42.8	31.7
SOx	mg/Nm3	35.1	78.3
Particulate matter (PM)	Mg/Nm3	58.2	64
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – Please specify	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)

Yes, independently assessed by Equinox Labs.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	405.47	387.13
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO_2 equivalent	2,312.25	2,928.24
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO2 equivalent / ₹	0.000000019*	0.000000025*
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	Metric tonnes of CO2 equivalent / ₹ Revenue from operations adjusted for PPP	0.000000433#	0.000000553#

Parameter	Unit	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Scope 1 and Scope 2 emission intensity in terms of physical output	-	-	-
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	tCO_2e/FTE	0.09	0.12

*For revenue from operations, Total income (Total revenue from operations + Other income) has been considered

#Purchasing Power Parity (PPP): Total Income is adjusted as per International Monetary Fund Implied PPP conversion rate.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Deloitte Haskins and Sells LLP.

8. Does the entity have any project related to reducing Greenhouse Gas emission? If Yes, then provide details:

Yes

The Company's decarbonisation plan is focused on energy-saving measures and switching to green power wherever available and feasible. In FY24, the Company consumed ~39% of green power in its operations.

To help cut down on energy use, the Company has implemented a number of technical solutions. Implementation of Internet of Things (IOT) based energy management solution in 6 branches, suporting RE projects through procuring green attributes, installing and using energy-efficient equipment, such as sensor-based lighting in offices, variable frequency drives (VFDs) for air handling units, LED lighting and energy-efficient 5-star air conditioners in offices, low GWP refrigerants like R32, an ATC system for chiller maintenance, replacing DG sets with inverters to lower carbon emissions and electric car charging stations in corporate offices are a few of the initiatives undertaken by LTF.

24 branches operated on green electricity in FY24 and corporate office operations run fully on renewable energy. ~99% of all Maharashtra branches operate on green power.

The Company has taken up the initiatives of tree plantation through its "Project Prakruti" to sequester carbon.

The Company will continue to search for and evaluate novel methods of conserving carbon and reducing its carbon footprint in order to reach its carbon neutrality target.

A total sequestration of 1,982 tCO_2e up until the end of FY24 has been verified by an independent assessment by an expert agency, which was also examined and assured by Deloitte Haskins and Sells LLP.

The Company has diligently implemented ISO 14064-2:2019 standards to ensure that its plantation project's carbon sequestration measurements, monitoring processes, and subsequent reports adhere to international best practices. Through rigorous adherence to ISO 14064-2:2019 guidelines, LTF has established robust protocols for accurately quantifying and verifying carbon sequestration levels.

9. Provide details related to waste management by the entity, in the following format:

Parameter	**FY24* (Current Financial Year)**	**FY23* (Previous Financial Year)**
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	0	0.11
E-waste **(B)**	3.32	7.71
Bio-medical waste **(C)**	0	0
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	0	0
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)**	0	0
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	59.66	38.80
Total (A+B + C + D + E + F + G + H)	62.98	46.61
Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) (MT / ₹)	0.0000000004#	0.0000000004#
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated (MT) / Revenue from operations adjusted for PPP)	0.000000010**	0.000000008**
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity (MT/FTE)	0.00206	0.00169
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	16.96	7.71
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	**16.96**	**7.71**
Intensity (Kg of Waste Recycled Recovered / Total Waste Generated)	0.27	0.17

Parameter	FY24* (Current Financial Year)	FY23* (Previous Financial Year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	46.02	38.90
(iii) Other disposal operations	0	0
Total	**46.02**	**38.90**
Intensity (Kg / MT of Waste disposed / Total Waste generated)	0.73	0.83

*The waste data reported is for corporate office, City 2 and Mahape office. E-waste data is reported for all branches.

#For revenue from operations, Total income (Total revenue from operations + Other income) has been considered

**Purchasing Power Parity (PPP): Total Income is adjusted as per International Monetary Fund Implied PPP conversion rate.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Deloitte Haskins and Sells LLP.

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes:

As an NBFC providing services, no poisonous or hazardous chemicals are produced throughout the production process. Paper waste and e-waste are the two main types of waste produced by the Company operations. In particular, the Company manages all of its IT assets in accordance with the E-waste management and handling recommendations of 2011, 2016, and 2018. The Company's centralised e-waste management strategy, which is applicable to all LTF offices and branches, helps it collect and dispose of e-waste safely. The Company collects electronic waste and disposes of it with a registered recycler through regular corporate and zonal-level activities. This ensures that no electrical waste from the Company ends up in a landfill and is always recycled. Additional, LTF also conducted the Daan Utsav drive to encourage employees to responsibly dispose e-waste at domestic level as well.

The Company in FY24 segregated and recycled wet and dry waste generated at its corporate office and City 2 office through an external authorised vendor. This has reduced the amount of waste to landfill.

Regarding waste paper, the Company has made several attempts to cut back on paper usage. Its drive to digitalise its operations has resulted in a notable decrease in paper consumption. The Company has reduced its desktop stationary as a result of its ongoing initiatives.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

NA*

*None of our owned offices fall under ecologically sensitive areas.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

    LTF operates out of leased premises except its HO and the nature of business does not warrant Environmental Impact assessment.

13. **Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

    NA

    The Company is in compliance with all applicable laws as per mandatory requirements.

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

   NA*

   *All the branches of the Company are located in residential/commercial areas.

2. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

Parameter	Unit	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF6, NF3, if available)	tCO2e	6,698.35*	4,051.92
Total Scope 3 emissions per rupee of turnover	tCO2e/₹	0.0000000477#	0.0000000305#
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	tCO2e/FTE	0.22	0.15

*Increase in Scope 3 emissions is due to increase in headcount and operations (business travel, purchase capital goods).

#For revenue from operations, Total income (Total revenue from operations + Other income) has been considered.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. **With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities:**

   NA

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Green Power	Implemented at HO and 24 others branches across Maharashtra, Telangana and Tamil Nadu	Reduction in use of carbon intensity, conventional power and reducing carbon footprint
2	Replacement of conventional lighting with LEDs	Implemented across all offices	Reduction in energy consumption
3	Energy efficient ACs	Implemented at HO and all new branches. Phasing out of old low energy rated ACs	Reduction in energy consumption
4	Automatic Tube Cleaning System	Installed at HO	Avoid continuous running of pump resulting in power saving, Eliminated accumulation, residue, and foulant instead of using toxic materials
5	Recycled Paper Reams	Pan India - LTF uses recycled papers for printing documents	Using recycled paper reduces the need to cut down trees, protecting natural resources. Recycling paper decreases air pollution from combustion and frees up landfill space.
6	Energy saving solutions based on Internet of Things (IOT)	Installed across 6 Branches	Using IOT based solutions, energy consumption is optimised thus resulting into energy saving
7	Strengthen Waste Segregation and Recycling	Carried out a HO	Strengthened segregation and recycling through tie-ups with waste segregators and recyclers in addition to the existing of e-waste recycling process

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link:**

Yes

LTF has created an efficient IT-BCP governance structure and an Information Technology Business Continuity Plan (BCP) strategy. For testing databases, servers, information systems, and processes that handle personal data, it has developed sufficient IT BCP and IT Disaster Recovery (DR) procedures. Additionally, it regularly evaluates the risks associated with its operations, information systems, and outside parties, including audits of its buildings and IT infrastructure. A business impact study is done on the important applications after they have been identified.

LTF has established detailed processes to identify, monitor, and mitigate IT security risks. LTF's digital platform has a 3-tier security architecture with in-built disaster recovery and multiple layers of defence for IT networks, websites, applications, database and user laptops / desktops, for protection from service attacks, ransomware and malware.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard:**

No significant adverse impacts have been identified from the value chain of the entity.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:**

NA

LTF has finalised a Value Chain ESG Assessment framework and rolled out the assessment covering >75% of value chain partners of LTF (upstream and downstream) (cumulatively, comprising both purchases / sales by value). Going forward, based on the responses received from value chain partners, LTF also aims to conduct an awareness session on Third-Party Code of Conduct (TPCOC) with its value chain.

PRINCIPLE 7

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations- 5**

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	NBFC Committee, FICCI	National
2	Confederation of Indian Industry	National
3	Academic Advisory Council of Reserve Bank of India	National
4	Lead Economist Group of NITI Aayog	National
5	Editorial Advisory Board for Bank Quest Journal of Indian Institute of Banking and Finance	National
6	CII WR Sub-Committee on Corporate Governance	State

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities:

NA

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
1	The Company has actively engaged in public policy advocacy, making several representations to various authorities regarding the practical challenges faced in implementing regulatory requirements. Additionally, we have made proactive suggestions to improve these frameworks. We promote robust corporate governance standards, emphasizing transparency and accountability. We have made representations to regulatory bodies about the challenges in meeting extensive reporting requirements and have suggested streamlined reporting frameworks that reduce administrative burdens while maintaining transparency. Through direct engagement with regulatory bodies, participation in industry associations, and collaboration with other stakeholders, we strive to drive policy changes that uphold high standards while considering the practicalities of implementation for businesses. This not only addresses the practical challenges but also highlights the proactive steps the company has taken to suggest improvements, demonstrating a forward-thinking and collaborative approach to public policy advocacy.	As a proactive measure, the Company provides various suggestions / proposals along with the necessary rationale to the regulators on various consultation papers floated from time to time prior to them becoming effective in the form of a statute. An update on the representations made to the regulatory authorities is placed before the Board along with other regulatory changes that currently impact / would impact the Company along with necessary synopsis.	No	Quarterly	-

PRINCIPLE 8

Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results Communicate in public domain (Yes / No)	Relevant Web link
Digital Sakhi Project, Maharashtra (Phase II) - Interventions of Digital Financial Literacy and Entrepreneurship Development by 100 Digital Sakhi(s) and 1,000 women entrepreneurs in the digital space	SIA/01/2023-24	May 23, 2023	Yes	Yes	www.ltfs.com
Digital Sakhi Project, Madhya Pradesh - Interventions of Digital Financial Literacy and Entrepreneurship Development by 100 Digital Sakhi(s) and 1,000 women entrepreneurs in the digital space	SIA/01/2023-24	May 23, 2023	Yes	Yes	www.ltfs.com
Digital Sakhi Project, Tamil Nadu - Interventions of Digital Financial Literacy and Entrepreneurship Development by 100 Digital Sakhi(s) and 1,000 women entrepreneurs in the digital space	SIA/01/2023-24	May 23, 2023	Yes	Yes	www.ltfs.com
Miyawaki Plantation - Mitigating climate impact through strategic plantations via Miyawaki technique	SIA/01/2023-24	May 23, 2023	Yes	Yes	www.ltfs.com

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

NA*

*LTF is a Non-banking Financial Company (NBFC) and provides financial services. It operates out of leased premises except its HO and the nature of business does not warrant Rehabilitation and Resettlement (R&R).

3. Describe the mechanisms to receive and redress grievances of the community:

LTF has taken steps to ensure that its CSR projects are conducted in a responsible and transparent manner, and that community members and stakeholders have the opportunity to participate in the process. Developing a grievance redressal system illustrates the Company's commitment to accountability and transparency when it comes to dealing with any concerns or complaints regarding CSR projects / programs. It further demonstrates the Company's commitment to improving its CSR practices and maintaining positive relationships with stakeholders.

Concerns or questions regarding the CSR programme(s) should be addressed to csr@ltfs.com.

For more inputs please refer to Social and Relationship Capital Section of the Integrated Annual Report

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	15.56	12.84
Directly from within India	99.90	99.77

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:

Location	FY24 (Current Financial Year) (%)	FY23 (Previous Financial Year) (%)
Rural	53.01	47.43
Semi-urban	4.85	4.66
Urban	8.82	8.81
Metropolitan	33.32	39.10

CTC of employees has been considered as wages

Bifurcation as per Database On Indian Economy, RBI's Data Warehouse https://dbieold.rbi.org.in/

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
No significant impact	NA*

*LTF is a Non-banking Financial Company (NBFC) and provides financial services. Social Impact Assessments are carried out for our CSR projects which have positive social and environmental impacts.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1	0	0	0

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No): No

(b) From which marginalized /vulnerable groups do you procure? NA

(c) What percentage of total procurement (by value) does it constitute? NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

NA*

*No intellectual properties acquired on traditional knowledge

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:

NA

6. Details of beneficiaries of CSR Projects:

CSR Project	Number of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
Digital Sakhi, West Bengal	2,86,221	80
Digital Sakhi, Karnataka 1	2,13,326	50
Digital Sakhi, Karnataka 2	1,58,644	50
Digital Sakhi, Kerala	1,33,507	50
Digital Sakhi, Uttar Pradesh	1,25,050	60
Digital Sakhi, Bihar	1,02,847	60
Digital Sakhi, Tamil Nadu	1,01,340	50
Digital Sakhi, Odisha	36,645	50
Disaster Management	71,400	0
Road Safety Campaigns	38,950	0
Capacity building of Water User Groups	5,526	100
Healthcare	548	100
Total	**12,73,734**	

PRINCIPLE 9 — Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:

Customer complaints are addressed through a variety of multi-layered grievance redressal processes that are hosted on platforms like emails, phones, websites, and the Planet App. A CRM system is used to record and handle each and every complaint that comes in through various channels. A Grievance Redressal Officer (GRO) is employed by the Company. In accordance with RBI regulations, an internal ombudsman has also been appointed to handle client concerns.

For more inputes please refer to Manufactured and Intellectual Capital section of the Integrated Annual Report.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA*
Safe and responsible usage	
Recycling and/or safe disposal	

*LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product or have a service that can carry information about the question.

3. Number of consumer complaints in respect of the following:

	FY24 (Current Financial Year)		Remarks	FY23 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security (Digital Complaints)	0	0	-	0	0	-
Delivery of essential services	27,529	767	-	23,439	1,711	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	NA*	
Forced recalls		

*LTF is a Non-banking Financial Company (NBFC) and provides financial services. We do not manufacture any product which needs to be recalled voluntarily.

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:**

   Yes

   (the policy is available at: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.ltfs.com/docs/default-source/default-document-library/data-privacy-policy.pdf?sfvrsn=729aba03_3)

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:**

   The Company has made the following significant adjustments to improve customer experience and satisfaction in order to solve the main issues:

   - Automatically categorising issue categories under "High priority" that are designated as "complaints," and placing the rest interactions under "High" and "Medium" categories based on the case origin
   - The customer grievance acknowledgement procedure has been redesigned, and the complaint closure SMS has been benchmarked and updated.
   - Awareness to customers on cyber frauds
   - Governance controls are in place to correct gaps and prevent future problems, and a framework for reviewing the primary complaints' root causes has been implemented.
   - Creation of a specialised Central Resolution Team to handle customer complaints only
   - Implementation of a thorough Quality Control mechanism to increase resolution efficiency
   - Auditing and training external partners and internal stakeholders
   - Implementation of system-based controls in the CRM that prevent the closure of any unresolved complaints Complete redesign of workflows for the top complaints
   - Net Promoter Score (NPS) to capture customer satisfaction
   - LTF has appointed an Internal Ombudsman (IO), an independent person. Complaints received from the customers which were wholly or partly rejected by the organisation are referred to the IO for review as per RBI guidelines. The IO upheld these cases which had factual evidence validating company decision.

   For more inputs please refer to Social and Relationship and Manufactured and Intellectual Capital

7. **Provide the following information relating to data breaches:**

   a. **Number of instances of data breaches- 0**

   b. **Percentage of data breaches involving personally identifiable information of Customers- 0**

   c. **Impact, if any, of the data breaches-0**

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available):

Information about LTF's products and services are available on its website. (www.ltfs.com)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:

LTF has implemented robust systems to ensure that customers always have access to all available information on its products and services. Additionally, your Company has developed the customer awareness training module, which is available on its website (www.ltfs.com) and covers topics like, customer advisory, interest rate model, gradation of risk,schedule of charges, Prime Lending Rates (PLR), the ombudsman scheme, the self-help option, the list of terminated service providers, and the process.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:

Yes

Through SMS, WhatsApp and PLANET App

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No):

Yes

To empower and assist clients to make wise financial decisions, the Company proactively launches educational activities. The Company has mechanisms in place to guarantee that all clients are always given enough information about all products. For the benefit of its clients, the Company created a customer awareness training module and made it publicly accessible on its website (www.ltfs.com). LTF ran a variety of social media efforts for customer awareness and sensitisation during the year. These contain, among other things, articles on financial literacy, driving safety, health, and environmental preservation.

LTF undertook its maiden Net Promoter Score (NPS) initiative to gauge customer loyalty and satisfaction across all its products during the customer onboarding journey.

For further details refer to Social and Relationship Capital section of the Integrated Annual Report.

Assurance Statement

Deloitte Haskins & Sells LLP

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INDEPENDENT PRACTITIONER'S LIMITED ASSURANCE REPORT ON IDENTIFIED SUSTAINABILITY INFORMATION OF L&T FINANCE LIMITED

To the Board of Directors
of L&T FINANCE LIMITED (erstwhile L&T Finance Holdings Limited)

1. We have undertaken to perform limited assurance engagement, for **L&T FINANCE LIMITED (erstwhile L&T Finance Holdings Limited)** (the "Company") vide our engagement letter dated January 8, 2024, in respect of the agreed Sustainability Information listed below (the "Identified Sustainability Information") in accordance with the Criteria stated in paragraph 3 below. This Sustainability Information is included in the Company's Integrated Annual Report (the "IAR"), Business Responsibility and Sustainability Report (the "BRSR") included within IAR, (together the "Reports") of the Company for the year ended March 31, 2024. This engagement was conducted by a multidisciplinary team including assurance practitioners, environmental engineers and specialists.

2. **Identified Sustainability Information**

   Our scope of limited assurance consists of the Identified Sustainability Information listed in the Appendix I to our report. The reporting boundary of the Reports is as below:

   - In case of BRSR, it is disclosed in Question 13 and Question 23 (a) of Section A: General Disclosures of the BRSR with exceptions disclosed by way of note under respective questions of the BRSR, where applicable.

   - In case of Identified Sustainability Information other than BRSR, it is disclosed in the 'About the report' section in the IAR with exceptions disclosed by way of note under respective disclosures, where applicable.

   Our limited assurance engagement was with respect to the year ended March 31, 2024 information and we have not performed any procedures with respect to earlier periods included in the Reports, and, therefore, do not express any conclusion thereon.

3. **Criteria**

   The Criteria used by the Company to prepare the Identified Sustainability Information is listed below:

   - Regulation 34(2)(f) of the Securities and Exchange Board of India (the "SEBI")(Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended;
   - Business Responsibility and Sustainability Reporting Requirements for listed entities per Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023;
   - SEBI Circular SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023, and clarifications thereto issued by SEBI;
   - With reference to GRI Sustainability Reporting Standards, issued by the Global Reporting Initiative (GRI) referred to as GRI Standards (the "GRI Standards"); and

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Regd. Office: One International Center, Tower 3, 32nd floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai-400 013, Maharashtra, India.
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- Internally defined criteria by the Management of the Company as set out under Appendix I to this Report.

4. **Management's Responsibility**

The Company's management is responsible for selecting or establishing suitable criteria for preparing the Sustainability Information including the reporting boundary of the Reports, taking into account applicable laws and regulations, if any, related to reporting on the Sustainability Information, identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation and maintenance of internal controls relevant to the preparation of the Reports and the measurement of Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error.

5. **Inherent limitations**

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between companies.

Measurement of certain indicators, some of which are estimates, is subject to substantial inherent measurement uncertainty, including, water credit and carbon sequestration. Obtaining sufficient appropriate evidence to support our opinion does not reduce the uncertainty in the amounts and metrics.

6. **Our Independence and Quality Control**

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India (the "ICAI") and the SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023, and its clarifications thereto and have the required competencies and experience to conduct this assurance engagement.

The firm applies Standard on Quality Control (the "SQC") 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements", and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

7. **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information listed in Appendix I based on the procedures we have performed and evidence we have obtained.

We conducted our engagement in accordance with the Standard on Sustainability Assurance Engagements (SSAE) 3000, "Assurance Engagements on Sustainability Information", and Standard on Assurance Engagements (SAE) 3410 Assurance Engagements on Greenhouse Gas Statements (together the "Standards"), both issued by the Sustainability Reporting Standards Board (the "SRSB") of the ICAI.

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This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

As part of limited assurance engagement in accordance with the Standards, we exercise professional judgment and maintain professional skepticism throughout the engagement.

8. **Limited Assurance**

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of the Identified Sustainability Information as listed in Appendix I, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Obtained an understanding of the Identified Sustainability Information and related disclosures;
- Obtained an understanding of the assessment criteria and their suitability for the evaluation and/or measurements of the Identified Sustainability Information;
- Made inquiries of Company's management, including sustainability team, compliance team, human resources team amongst others and those with the responsibility for preparation of the Reports;
- Obtained an understanding of the key systems and processes for recording, processing and reporting on the Identified Sustainability Information at the corporate office and at other offices/ branches/meeting centres on a sample basis;
- Based on the above understanding and the risks that the Identified Sustainability Information may be materially misstated, determined the nature, timing and extent of further procedures;
- Reviewed the Company's process for collating the sustainability information through agreeing or reconciling the Identified Sustainability Information with the underlying records; and
- Reviewed the consolidation for various branches/ meeting centres and corporate office under the reporting boundary for ensuring the completeness of data being reported.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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9. **Exclusions**

Our assurance scope excludes the following and therefore we do not express a conclusion on:

- Aspects of the Reports and the data/information (qualitative or quantitative) other than the Identified Sustainability Information; and
- The statements that describe expression of opinion, belief, aspiration, expectation, aim, or future intentions provided by the Company.

10. **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Sustainability Information listed in Appendix I and presented in the Reports for the year ended March 31, 2024 are not prepared, in all material respects, in accordance with the Criteria as stated in paragraph 3 above.

11. **Other matter**

Select indicators within the BRSR and the IAR of the Company for the year ended March 31, 2023 were assured by the previous assurance practitioner who had expressed an unmodified conclusion on June 8, 2023.

Our conclusion is not modified in respect of this matter.

12. **Restriction on use**

Our Limited Assurance report has been prepared and addressed to the Board of Directors of the Company at the request of the Company solely, to assist the Company in reporting on Company's sustainability performance and activities. Accordingly, we accept no liability to anyone, other than the Company. Our Limited Assurance report should not be used for any other purpose or by any person other than the addressees of our report. We neither accept nor assume any duty of care or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Pratiq Shah
Partner
Membership No. 111850
UDIN: 24111850BKJLJU1029

Place: Mumbai
Date: May 29, 2024

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APPENDIX I
Identified Sustainability Information subject to Limited Assurance

Part A - BRSR Core Indicators subject to Limited assurance

Sr. No	Reporting Standard Reference	Description of Indicator
Section C: Principle [P] Wise Performance Disclosures - Essential Indicators [E]		
1	P-1 [E], Question 8	Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured)
2	P-1 [E], Question 9	Open-ness of business Details of concentration of sales with dealers, and related parties along-with loans and advances & investments, with related parties.
3	P-3 [E], Question 1(c)	Spending on measures towards well-being of employees and workers (including permanent and other than permanent)
4	P-5 [E], Question 3(b)	Gross wages paid to females as % of total wages paid by the entity
5	P-5 [E], Question 7	Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 - Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) -Complaints on POSH as a % of female employees/workers - Complaints on POSH upheld
6	P-6 [E], Question 1	Details of total energy consumption (in Joules or multiples) and energy intensity: -Total energy consumed
7		-Total energy consumption from renewable sources (% of energy consumed from renewable sources)
8		Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)
		Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)
9	P-6 [E], Question 3	Water withdrawal by source (in kilolitres) - Surface water, Groundwater, Third-Party Water, Seawater/desalinated water, Others

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Sr. No	Reporting Standard Reference	Description of Indicator
Section C: Principle [P] Wise Performance Disclosures - Essential Indicators [E]		
		- Total volume of water withdrawal (in kilolitres) - Total volume water consumption (in kilolitres)
10		Water intensity per rupee of turnover (Total water consumption / Revenue from operations)
		- Water intensity per rupee of turnover adjusted for PPP (Total water consumption / Revenue from operations adjusted for PPP)
11	P-6 [E], Question 4	Water Discharge by destination and level of treatment (in kilolitres)
12	P-6 [E], Question 7	Greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available
13		Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)
14		Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)
		Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)
15 16	P-6 [E], Question 9	Details related to waste management by the entity Total waste generated: Plastic waste, E-waste, Construction demolition waste, Biomedical waste, Battery waste, Radioactive waste, Other Hazardous waste and Non-hazardous waste Waste intensity per rupee of turnover (Total waste generated / Revenue from operations) Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)
17	P-6 [E], Question 9	Each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

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Sr. No	Reporting Standard Reference	Description of Indicator
Section C: Principle [P] Wise Performance Disclosures - Essential Indicators [E]		
18	P-6 [E], Question 9	Each category of waste generated; total waste disposed by nature of disposal method (in metric tonnes)
19	P-8 [E], Question 4	Percentage of input material (inputs to total inputs by value) sourced from suppliers Directly sourced from MSMEs/ small producers Directly from within India
20	P-8 [E], Question 5	Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis)
21	P-9 [E], Question 7	Information relating to data breaches: Number of instances of data breaches Percentage of data breaches involving personally identifiable information of customers Impact, if any, of the data breaches

Part B: Other Indicators subject to Limited Assurance

Sr. No	Reporting Standard Reference	Description of Indicator
BRSR - Section C: Principle [P] Wise Performance Disclosures - Essential Indicators [E]		
1	P-3 [E], Question 9	Details of performance and career development reviews of employees and worker.
2	P-3 [E], Question 7	Membership of employees and worker in association(s) or Unions recognised by the listed entity.
GRI Standards Disclosure presented in Integrated Annual Report		
3	GRI 2-7*	Employees – Report the total number of employees within the organization as per the breakdowns required by GRI 2-7
4	GRI 3-1$	Process to determine material topics

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Sr. No	Reporting Standard Reference	Description of Indicator
5	GRI 302-1#	Energy consumption within the organization
6	GRI 303-5#	Water consumption
7	GRI 305-1# GRI 305-2#	Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions
8	GRI 305-3#	Other indirect (Scope 3) GHG emissions Specific Categories: Category 1: Purchased goods and services Category 2: Capital Goods Category 6: Business travel Category 8: Upstream leased assets
9	GRI 306-3# GRI 306-4# GRI 306-5#	Waste generated Waste diverted from disposal Waste directed to disposal
10	GRI 401-1*	New employee hires and employee turnover
11	GRI 401-3*	Parental Leaves
12	GRI 404-1*	Average learning hours per year per employee
13	GRI 405-1*	Diversity of governance bodies and employees
Internally defined Management criteria		
14	Responsible lending^	Responsible lending to women entrepreneurs (no. of active women borrowers who received micro loans)
15	Water Replenishment#	Water Replenishment considering storage capacity and type of Soil of water structure and run off days calculated using SCS-CN (soil curve number) method

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Sr. No	Reporting Standard Reference	Description of Indicator
16	Carbon Sequestration#	Carbon sequestration calculation basis guidance in Clean Development Mechanism (CDM) A/R (Afforestation/Reforestation) methodology.

Note:
*Disclosed in Human Capital Section in IAR
#Disclosed in Natural Capital Section in IAR
$Disclosed in Stakeholder Engagement and Materiality Assessment Section in IAR
^Disclosed in Social and Relationship Capital Section in IAR

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GRI Content Index

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
GRI 2: General Disclosures 2021	2-1	Organizational details	Y	Who we are	Who we are	6
	2-2	Entities included in the organization's sustainability reporting	Y	Who we are	Who we are	6
	2-3	Reporting period, frequency and contact point	Y	About the report	About the report	3
	2-5	External assurance	Y	About the report	About the report	5, 322-331
	2-6	Activities, value chain and other business relationships	Y	Social and Relationship Capital	Customer Satisfaction, Empowering Customers through Education and Awareness, Value Chain Engagement	214, 217, 220-221
	2-7	Employees	Y	Human Capital	Job Creation, Human Capital Analytics	189, 193
	2-9	Governance structure and composition	Y	Corporate Governance	Governance Structure	120-122, 8-13
	2-10	Nomination and selection of the highest governance body	Y	Corporate Governance	Board of Directors, Board Committees	123, 130
	2-11	Chair of the highest governance body	Y	Board of Directors, Corporate Governance	Board of Directors, Board Committees	123, 130
	2-12	Role of the highest governance body in overseeing the management of impacts	Y	Corporate Governance	Board Committees	127-136

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
	2-13	Delegation of responsibility for managing impacts	Y	Corporate Governance	Board Committees	127-136
	2-14	Role of the highest governance body in sustainability reporting	Y	Corporate Governance	Corporate Social Responsibility (CSR) and ESG Committee	131
	2-15	Conflicts of interest	Y	Corporate Governance	Code of Conduct	142
	2-16	Communication of critical concerns	Y	Corporate Governance	Key Policies that guide our ethical behavior	142-143
	2-17	Collective knowledge of the highest governance body	Y	Board of Directors, Corporate Governance	Board of Directors, LTF Directors (as on March 31, 2024) Skill/expertise mapping of LTF Directors	8-11, 124-125
	2-18	Evaluation of the performance of the highest governance body	Y	Corporate Governance	Board Diversity, Board Effectiveness and Performance, Performance Evaluation	138-141
	2-19	Remuneration policies	Y	Corporate Governance, Human Capital	Nomination and Remuneration COM Committee	190
	2-20	Process to determine remuneration	Y	Corporate Governance	Nomination and Remuneration COM Committee	130
	2-21	Annual total compensation ratio	Y	Human Capital	Gender pay gap, Human Capital Analytics	193
	2-22	Statement on sustainable development strategy	Y	About the Report, Chairman's message, ESG@LTF	About the Report, Chairman's message, ESG@LTF	7, 20-23, 65

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
	2-23	Policy commitments	Y	ESG at LTF, Corporate Governance	Ethics, ESG Risk Management	141-145, 342-343
	2-24	Embedding policy commitments	Y	ESG at LTF, Corporate Governance	Ethics, ESG Risk Management	141-145, 342-343
	2-25	Processes to remediate negative impacts	Y	Manufactured and Intellectual Capital, Human Capital	Incident Management, Employee Grievance Redressal Mechanism	178, 210
	2-26	Mechanisms for seeking advice and raising concerns	Y	Corporate Governance	Vigil Mechanism	190, 84-90
	2-27	Compliance with laws and regulations	Y	Corporate Governance	Key Policies that guide our ethical behavior	142-144
	2-28	Membership associations	Y	Corporate Governance	Policy Advocacy and Industry Association	147
	2-29	Approach to stakeholder engagement	Y	Stakeholder Engagement		84-86
	2-30	Collective bargaining agreements	Y	Stakeholder Engagement		189
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Y	Stakeholder Engagement	"Refining Materiality: A Journey of Continuous Alignment (2022-2024) "	91-92
	3-2	List of material topics	Y	Stakeholder Engagement	Materiality Matrix	92-93
	3-3	Management of material topics	Y	Stakeholder Engagement	Materiality Matrix	94-113

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
	201-1	Direct economic value generated and distributed	Y	Financial Capital	Consolidated Statement of Economic Value Generated and Distributed For the Year Ended March 31, 2024	154, 62-63
	201-2	Financial implications and other risks and opportunities due to climate change	Y	Stakeholder Engagement	Materiality Matrix	94-113
	201-3	Defined benefit plan obligations and other retirement plans	Y	Human Capital	Employee perks and Incentives, Analytics of Employee Benefits	202, 197, 208
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Y	Manufactured and Intellectual, Social, Relationship and Natural Capital	Enhancing Customer Experience, Accessibility and Customer Outreach, Corporate Social Responsibility, Water Stewardship, Ecosystems and Biodiversity	172-177, 222-238, 257, 260-261
	203-2	Significant indirect economic impacts	Y	Social and Relationship Capital	Corporate Social Responsibility	222-238, 62-63

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Y	Corporate Governance	Ethics, Value Chain Governance	142-144, 146
	205-3	Confirmed incidents of corruption and actions taken	Y	Corporate Governance	Ethics, Value Chain Governance	142-144, 146
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Y	Corporate Governance	Ethics	142
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Y	Natural Capital	Energy and Emissions Management	248-249
	302-2	Energy consumption outside of the organization	Y	Natural Capital	Energy and Emissions Management	252
	302-3	Energy intensity	Y	Natural Capital	Energy and Emissions Management	248-249
	302-4	Reduction of energy consumption	Y	Natural Capital	Energy and Emissions Management	248-249
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Y	Natural Capital	Water Stewardship	256-257

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
	303-2	Management of water discharge-related impacts	Y	Natural Capital	Water Stewardship	256-257
	303-3	Water withdrawal	Y	Natural Capital	Water Stewardship	256-257
	303-4	Water discharge	Y	Natural Capital	Water Stewardship	256-257
	303-5	Water consumption	Y	Natural Capital	Water Stewardship	256-257
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	N	Natural Capital	Ecosystems and Biodiversity	260-261
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Y	Natural Capital	Energy and Emissions Management	250-255
	305-2	Energy indirect (Scope 2) GHG emissions	Y	Natural Capital	Energy and Emissions Management	250-255
	305-3	Other indirect (Scope 3) GHG emissions	Y	Natural Capital	Energy and Emissions Management	250-255
	305-5	Reduction of GHG emissions	Y	Natural Capital	Energy and Emissions Management	250-255
	305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	Y	Natural Capital	Air Emissions	256

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Y	Natural Capital	Waste Management Strategy, E-waste, Paper Waste	258-259
	306-2	Management of significant waste-related impacts	Y	Natural Capital	Waste Management Strategy, E-waste, Paper Waste	258-259
	306-3	Waste generated	Y	Natural Capital	Waste Management Strategy, E-waste, Paper Waste	258-259
	306-4	Waste diverted from disposal	Y	Natural Capital	Waste Management Strategy, E-waste, Paper Waste	258-259
	306-5	Waste directed to disposal	Y	Natural Capital	Waste Management Strategy, E-waste, Paper Waste	258-259
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Y	Corporate Governance, Social and Relationship Capital	Third-party Code of Conduct, Value Chain Engagement	144, 146, 220-221
	308-2	Negative environmental impacts in the supply chain and actions taken	Y	Corporate Governance	Key Policies that guide our ethical behavior	144-146, 155
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Y	Human Capital	Details of New Hire, Details of Employee Turnover	195, 197
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Y	Human Capital	Employee perks and Incentives, Analytics of Employee Benefits	202, 208
	401-3	Parental leave	Y	Human Capital	Employee perks and Incentives (Details of parental leaves)	197, 202

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Y	Human Capital	Occupational Health and Safety Measures, Employee Health and Wellness Programmes, Promoting a Safe Workplace	202-204
	403-2	Hazard identification, risk assessment, and incident investigation	Y	Human Capital	Occupational Health and Safety Measures, Employee Health and Wellness Programmes, Promoting a Safe Workplace	202-204
	403-3	Occupational health services	Y	Human Capital	Occupational Health and Safety Measures, Employee Health and Wellness Programmes, Promoting a Safe Workplace	202-204
	403-6	Promotion of worker health	Y	Human Capital	"Employee Health and Wellness Programmes"	202-203
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Y	Human Capital	"Employee Health and Wellness Programmes"	202
	403-9	Work-related injuries	Y	Human Capital	"Occupational Health and Safety Measures"	202
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Y	Human Capital	Key Performance Highlights (Skill Development and Learning Initiatives)	186
	404-2	Programs for upgrading employee skills and transition assistance programs	Y	Human Capital	"Talent Development and Career Progression "	194-195, 198-201

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
	404-3	Percentage of employees receiving regular performance and career development reviews	Y	Human Capital	A Formal Annual Performance Management	196
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Y	Corporate Governance	Board Diversity (Board Diversity, Human Capital Analytics)	138, 192-193
	405-2	Ratio of basic salary and remuneration of women to men	Y	Human Capital	Human Capital Analytics	193
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Y	Human Capital	Employee Grievance Redressal Mechanism	210
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Y	Social and Relationship Capital	Value Chain Engagement	220-221
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Y	Social and Relationship Capital	Value Chain Engagement	220-221
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Y	Social Capital	Our Approach to Value Creation	70-72
	413-2	Operations with significant actual and potential negative impacts on local communities	Y	Social Capital	Our Approach to Value Creation	70-72, 155

GRI Standard	Disclosure No.	Disclosure Title	Last year IAR (Y/N)	Capital Reference	Section Reference	Page No
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Y	Social and Relationship Capital	Value Chain Engagement	146, 220-221
	414-2	Negative social impacts in the supply chain and actions taken	Y	Social and Relationship Capital	Value Chain Engagement	146,155, 220-221
GRI 417: Marketing and Labelling 2016	417-1	Requirements for product and service information and labeling	Y	Financial Capital	Product Portfolio	156
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Y	"Manufactured and Intellectual Capital, Social and Relationship Capital"	"Data Privacy Customer Privacy"	178, 214

TCFD Disclosure

TCFD Pillar	Recommended Pillar	Chapter	Pg. No.
Governance	Board's oversight of climate-related risks and opportunities	**Value Creation:** ESG related Risks **Corporate Governance:** ESG Governance	76,144
	Management's role in assessing and managing climate-related risks and opportunities	**Value Creation:** Risk Governance **Corporate Governance:** ESG Governance	80,144
Strategy	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	**Stakeholder Engagement and Materiality Assessment:** LTF's Commitment to Sustainability through Ambitious Targets **Natural Capital:** Climate Risk and Mitigation in Business	114, 248
	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	**Stakeholder Engagement and Materiality Assessment:** LTF's Commitment to Sustainability through Ambitious Targets **Natural Capital:** Climate Risk and Mitigation in Business	114, 248
	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2-degree or lower scenario	**Corporate Governance:** ESG Governance	144
Risk Management	Organization's processes for identifying and assessing climate-related risks	**Corporate Governance:** ESG Risk Management **Value Creation:** ESG related Risks	76, 145
	Organization's processes for managing climate-related risks	**Value Creation:** ESG-Related Risks and Risk Management Process	76,82
	Processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	**Corporate Governance:** ESG Risk Management **Value Creation:** ESG related Risks **Natural Capital:** Climate Risk and Mitigation in Business	76, 145, 248
Metrics and Targets	Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	**Stakeholder Engagement and Materiality Assessment:** LTF's Commitment to Sustainability through Ambitious Targets	114
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	**Natural Capital:** Emissions Data	250-255
	Targets used by the organization to manage climate-related risks and opportunities and performance against targets	**Stakeholder Engagement and Materiality Assessment:** LTF's Commitment to Sustainability through Ambitious Targets	114

L&T Finance

Policy Compendium

Name of Policy / Document
ESG Policy
Health & Safety Policy
Diversity, Equity & Inclusion Policy
Human Rights Policy
Data Privacy Policy
Environment Policy
Policy on Board Diversity
Third Party Code of Conduct
Grievance Redressal Policy
Vigil Mechanism Policy
Policy on directors' appointment, remuneration / compensation for directors, senior management personnel, key managerial personnel and other employees
E-waste Policy

Click on the policy name to view the policy.

Name of Policy / Document
Anti-corruption Policy
Dividend Distribution Policy
The terms and conditions of appointment of Independent Directors
Policy for Determining Material Subsidiaries
Corporate Social Responsibility Policy
Policy on Related Party Transactions
Code of Conduct for Non-Executive Directors
Code of conduct

Click on the policy name to view the policy.

BOARD'S REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Sixteenth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2024.

The appointed date of the merger of three of the wholly-owned subsidiaries of the Company with itself is April 1, 2023 ("the Merger"). The details in the Board's Report are accordingly at a merged level, wherever applicable.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for FY24 as compared to the previous FY i.e., FY23 is given below:

(₹ in Cr)

	Consolidated		Standalone	
	2023–24	**2022–23**	**2023–24**	**2022–23**
Continuing Operations				
Total income	14,055.12	13,301.70	14,043.80	13,425.45
Less: Total expenses	11,026.09	11,171.05	11,057.16	11,072.62
Profit before exceptional items and tax	**3,029.03**	**2,130.65**	**2,986.64**	**2,352.83**
Exceptional items	–	(2,687.17)	–	170.92
Profit before tax	**3,029.03**	**(556.52)**	**2,986.64**	**2,523.75**
Less: Tax expense	711.90	172.37	700.41	603.88
Profit after tax from continuing operations	**2,317.13**	**(728.89)**	**2,286.23**	**1,919.87**
Add: Share in profit of associate company	–	–	–	–
Net profit after tax from continuing operations and share in profit of associate company	2,317.13	(728.89)	2,286.23	1,919.87
Discontinued operations*				
Profit before tax from discontinued operations	–	2,739.34	–	–
Tax expense from discontinued operations	–	473.97	–	–
Profit after tax from discontinued operations	–	**2,265.37**	–	–
Profit for the year	2,317.13	1,536.48	2,286.23	1,919.87
Add: Loss attributable to Non Controlling Interest	(2.97)	(86.77)	–	–
Profit for the year (owners of the Company)	**2,320.10**	**1,623.25**	**2,286.23**	**1,919.87**
Actuarial gain on defined benefit plan (gratuity) net of income tax	3.52	(0.18)	3.51	(0.93)
Total comprehensive income for the year (owners of the Company)	2,323.62	1,623.07	2,289.74	1,918.94
Add: Balance brought forward from previous year	6,299.30	5,423.10	2,106.29	934.00
Balance Available	**8,622.92**	**7,046.17**	**4,396.03**	**2,852.94**
Appropriations				
Dividend paid (including dividend distribution tax)	496.61	123.75	496.61	123.75
Transfer to/(from) Reserve u/s 45–IC of Reserve Bank of India Act, 1934	457.25	514.34	457.25	514.34
Transfer to impairment reserve	–	4.03	–	4.03
Transfer to/(from) General Reserve	–	–	–	–
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	20.00	69.00	20.00	69.00
Transfer to Capital Redemption Reserve	–	35.75	–	35.75
Others	–	–	(0.04)	(0.22)
Surplus in the Statement of Profit and Loss	**7,649.06**	**6,299.30**	**3,422.21**	**2,106.29**

* Sale of 100% of the paid-up share capital of L&T Investment Management Limited, a wholly owned subsidiary of the Company and the asset manager of L&T Mutual Fund to HSBC Asset Management (India) Private Limited completed on November 25, 2022.

FY23 figures recasted/restated taking into effect the Merger.

FINANCIAL PERFORMANCE

The Company's performance during the year ended March 31, 2024 in comparison with the year ended March 31, 2023 is summarized as follows:

Consolidated

- Total income was ₹ 14,055.12 Cr in FY24 as compared to ₹ 13,301.70 Cr in FY23.
- Profit before exceptional items and tax was ₹ 3,029.03 Cr in FY24 as compared to ₹ 2,130.65 Cr in FY23.
- Profit for the year attributable to owners of the Company was ₹ 2,320.10 Cr in FY24 as compared to ₹ 1,623.25 Cr in FY23.

During the year, the net loan book increased from ₹ 75,154.55 Cr to ₹ 81,359.39 Cr primarily on account of growth in retail loan book and offset by reduction of the wholesale book in line with Lakshya 2026 strategy.

Standalone

- Total income was ₹ 14,043.80 Cr in FY24 as compared to ₹ 13,425.45 Cr in FY23.
- Profit before taxes (including exceptional item) was ₹ 2,986.64 Cr in FY24 as compared to ₹ 2,523.75 Cr in FY23.
- Profit for the year was ₹ 2,286.23 Cr in FY24 as compared to ₹ 1,919.87 Cr in FY23.

APPROPRIATIONS

As required u/s 45–IC of the Reserve Bank of India Act, 1934 ("RBI Act"), ₹ 457.25 Cr has been transferred to Special Reserve during the year (previous year ₹ 514.34 Cr).

COST RECORDS

The Company is not required to maintain cost records as per the provisions of Section 148(1) of the Companies Act, 2013 ("the Act").

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The information on the affairs of the Company has been given as part of the Management Discussion and Analysis section of the Report.

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 the Board's Report.

DIVIDEND

The Dividend Distribution Policy of the Company approved by the Board is in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). The policy is available on the website of the Company at *https://www.ltfs.com/investors*. Please refer to the section, 'Policy Compendium' for accessing the policy.

The Board of Directors has recommended a final dividend of ₹ 2.50 per Equity Share (face value of ₹ 10 each) subject to approval of the Members at the ensuing Annual General Meeting ("AGM"). The dividend recommended is in accordance with Dividend Distribution Policy.

In terms of Ind AS 10, events after the reporting period as notified by the Ministry of Corporate Affairs, the proposed dividend of ₹ 622.24 Cr is not recognised as liability as on March 31, 2024.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose names appear in the Register of Members/Beneficial Owners maintained by the depositories as stated in notice of the ensuing AGM.

CREDIT RATING:

Pursuant to the Merger, the debt instruments of L&T Finance Limited and L&T Infra Credit Limited have become the debt instruments of the Company post compliance with all regulatory requirements. Further, the ratings assigned to such debt instruments continue to be unchanged post Merger.

Further during the year under review, CRISIL Ratings Limited ("CRISIL"), CARE Ratings Limited ("CARE") India Ratings and Research Private Limited ("India Ratings") and ICRA Limited ("ICRA") have reviewed and reaffirmed the ratings as stated below:

Rating Agencies/ Instrument Type	CRISIL	CARE	India Ratings	ICRA
Long-term Rating	CRISIL AAA (Stable)	CARE AAA (Stable)	IND AAA (Stable)	ICRA AAA (Stable)
Short-term Rating	CRISIL A1+	CARE A1+	IND A1+	ICRA A1+
Instrument-wise details of Long-term Ratings				
Non-Convertible Debentures	CRISIL AAA (Stable)	CARE AAA (Stable)	IND AAA (Stable)	ICRA AAA (Stable)

Rating Agencies/ Instrument Type	CRISIL	CARE	India Ratings	ICRA
Non-Convertible Debentures (Public Issue)	CRISIL AAA (Stable)	CARE AAA (Stable)	IND AAA (Stable)	ICRA AAA (Stable)
Long-term rating of bank facilities	CRISIL AAA (Stable)	CARE AAA (Stable)	IND AAA (Stable)	ICRA AAA (Stable)
Subordinate Debt	CRISIL AAA (Stable)	CARE AAA (Stable)	IND AAA (Stable)	ICRA AAA (Stable)
Principal Protected Market Linked Debentures	CRISIL PPMLD AAA (Stable)	CARE PP-MLD AAA (Stable)	IND PP-MLD AAA (Stable)	ICRA PP-MLD AAA (Stable)
Perpetual Debt	-	CARE AA+ (Stable)	-	ICRA AA+ (Stable)
Instrument-wise details of Short-term Rating				
Commercial Paper	CRISIL A1+	CARE A1+	-	ICRA A1+

The instruments/bank facilities with long term ratings of AAA are considered to have highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

The instruments with long-term ratings of AA+ are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The instruments with a short-term rating of A1+ are considered to have a very strong degree of safety regarding timely payment of financial obligations. Such instruments carry the lowest credit risk.

FUND RAISING

During the year under review, the Company met its funding requirements through borrowings by issuance of Non-Convertible Debentures, Commercial Papers, Inter Corporate Borrowings, Treasury Bills Repurchase and borrowings from banks (in form of term loans & working capital lines).

Further, the consolidated net borrowings have declined by ₹ 6,502.58 Cr during the year under review to ₹ 76,540.87 Cr as at March 31, 2024 as against ₹ 83,043.45 Cr as at March 31, 2023.

The disclosure with respect to the funds raised through green bonds as prescribed by the Securities and Exchange Board of India ("SEBI") is available on the website of the Company at https://www.ltfs.com/investors.

CHANGES TO THE SHARE CAPITAL

During the year under review, the Company has issued 4,98,750 Equity Shares and 87,70,443 Equity Shares to employees of the Company pursuant to the exercise of stock options under the Employee Stock Option Scheme – 2010 and Employee Stock Option Scheme – 2013 ("ESOP Schemes") respectively.

Pursuant to the allotment of Equity Shares under the ESOP Schemes, the paid-up share capital of the Company was ₹ 2,488.94 Cr as at March 31, 2024 as compared to ₹ 2,479.67 Cr as at March 31, 2023.

Pursuant to Merger, the authorised share capital of the Company has automatically increased without any further act, instrument or deed, by an amount equal to the authorised share capital of the companies that have merged with the Company, such that the authorised share capital of the Company is ₹ 1,68,86,55,96,100/- (Rupees Sixteen Thousand Eight Hundred and Eighty Six Crore Fifty Five Lakhs Ninety Six Thousand One Hundred only) divided into 10,87,45,59,610 Equity Shares (One Thousand and Eighty Seven Crore Forty Five Lakhs Fifty Nine Thousand Six Hundred and Ten only) of ₹10 (Rupees Ten only) each, 50,12,00,000 (Fifty Crore Twelve Lakhs only) preference shares of ₹ 100 (Rupees Hundred only) each and 10,000 (Ten Thousand only) preference shares of ₹ 10,00,000 (Rupees Ten Lakhs only) each without any further act, deed, resolution or writing.

EMPLOYEE STOCK OPTION SCHEME

There has been no change in the ESOP Schemes during the year under review. The ESOP Schemes are in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SBSE Regulations").

The disclosures required to be made under the Act and SBSE Regulations are available on the website of the Company at https://www.ltfs.com/investors (click-ESOP Disclosure). The certificate from the Secretarial Auditors, confirming compliance with the aforesaid provisions has been appended as **Annexure A** to the Board's Report.

INVESTMENT IN SUBSIDIARIES

During the year under review, the Company has not made any investments in its subsidiaries.

RBI REGISTRATION

The Company has received a Certificate of Registration ("CoR") as a Non-Banking Financial Company Core Investment Company ("NBFC-CIC"). However, pursuant to the Merger, the Company, being the surviving entity, has applied for CoR as NBFC-ICC, and it complies with the guidelines applicable to a NBFC-ICC, pending receipt of the CoR from RBI.

STATUTORY DISCLAIMER

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

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

As on March 31, 2024, the composition of the Board is in accordance with the provisions of Section 149 of the Act and Regulation 17 of the SEBI Listing Regulations, with an appropriate combination of Non-Executive Directors and Independent Directors. The list of Directors of the Company has been disclosed as part of the Corporate Governance Report.

This year, your Company completed succession planning exercise for critical roles including that for the Managing Director and Chief Executive Officer, post consideration of various aspects. A multi layered search process was followed by the Company including detailed interactions of the Nomination and Remuneration Committee ("NRC")/ Board/its Members. The NRC unanimously approved and recommended the selection of Mr. Sudipta Roy as a successor to Mr. Dinanath Dubhashi and the decision to appoint him as the Chief Operating Officer and then the Managing Director and Chief Executive Officer of the Company.

Mr. Sudipta Roy (DIN: 08069653) was appointed as the Managing Director and Chief Executive Officer of the Company for a term of up to five years with effect from January 24, 2024 till January 23, 2029 by the Board based on recommendation of the NRC of the Company.

Mr. Dinanath Dubhashi (DIN:03545900) was re-designated as the Whole-time Director of the Company with effect from January 24, 2024 until April 30, 2024, by the Board based on recommendation of the NRC of the Company.

The Board records its deepest appreciation for contribution by Mr. Dinanath Dubhashi (DIN:03545900) as the Managing Director and Chief Executive Officer of the Company over the last eight years which has helped the Company to be in the top league of retail financiers.

Dr. R. Seetharaman (DIN: 01846777) was appointed as an Independent Director of the Company for a first term of up to five years with effect from January 23, 2024 till January 22, 2029 by the Board based on recommendation of the NRC of the Company.

Ms. Nishi Vasudeva (DIN:03016991) was re-appointed as an Independent Director of the Company for a second term of up to five years with effect from March 15, 2024 till March 14, 2029 by the Board based on recommendation of the NRC of the Company.

The Members approved the aforesaid appointments/ redesignation by resolutions passed through postal ballot on March 12, 2024.

Mr. Shailesh Haribhakti, (DIN: 00007347) and Mr. P. V. Bhide (DIN: 03304262) Independent Directors of the Company, who were appointed for a second term of five years, from April 1, 2019 to March 31, 2024, have ceased to be the Independent Directors of the Company w.e.f. April 1, 2024 pursuant to completion of the term.

The Board records its deepest appreciation for contribution by Mr. Shailesh Haribhakti, (DIN: 00007347) and Mr. P. V. Bhide (DIN: 03304262) in guiding and supporting the Management during their tenure as the Independent Directors of the Company over last so many years.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at *https://www.ltfs.com/investors.* Please refer to the section, 'Policy Compendium' for accessing the policy. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise (including proficiency, as applicable) and hold highest standards of integrity.

Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Mr. S.N. Subrahmanyan (DIN: 02255382) and Mr. R. Shankar Raman (DIN: 00019798) will retire by rotation at the ensuing AGM and being eligible, have offered themselves for re-appointment.

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/her duties with an objective independent judgment and without any external influence.

Familiarisation Programme

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. Additionally, for the Independent Director who joined L&T Finance during the year, specific one to one interactions with the members of the management team were facilitated. Further, a dedicated field visit was also arranged for familiarisation with the on field functioning. The details relating to the familiarisation programme are available on the website of the Company at *https://www.ltfs.com/investors* (click – Familiarisation Programme).

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI. All the Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

As on March 31, 2024, the Company had the following KMPs:

1) Mr. Sudipta Roy – Managing Director and Chief Executive Officer
2) Mr. Dinanath Dubhashi – Whole-time Director
3) Mr. Sachinn Joshi – Chief Financial Officer
4) Ms. Apurva Rathod – Company Secretary

Mr. Dinanath Dubhashi was the Managing Director and Chief Executive Officer until January 23, 2024 and was appointed as the Whole-time Director until April 30, 2024.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION/COMPENSATION FOR DIRECTORS, SENIOR MANAGEMENT PERSONNEL, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

A. Background and objectives

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the SEBI Listing Regulations, requires the NRC to formulate a policy relating to the remuneration of the Directors, Senior Management Personnel ("SMP")/KMPs and other employees of the Company and recommend the same for approval of the Board.

Further as per requirements under the Scale Based Regulations issued by RBI, the Company is required to put in place a Board approved compensation policy.

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

In view of the aforesaid, the Board of Directors has, based on the recommendation of the NRC of the Company, approved the Policy which is available on the website of the Company at *https://www.ltfs.com/investors*. Please refer to the section, 'Policy Compendium' for accessing the Policy.

B. Brief framework of the Policy

The objective of this Policy is:

a) to guide the Board in relation to appointment and removal of Directors.
b) to formulate criteria for evaluation of Independent Directors and the members of the Board.
c) to evaluate the performance of the members of the Board including Independent Directors.

d) to determine criteria for payment of remuneration/compensation to Directors, SMPs/KMPs and employees.

e) to recommend to the Board remuneration/ compensation payable to the Directors including SMPs, KMPs and employees, if required.

f) to ensure relationship of remuneration/ compensation to performance is clear and meets appropriate performance benchmarks.

C. Appointment of Director(s) – Criteria Identification

The NRC identifies and ascertains the integrity, professional qualification, areas of 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 to maintain balance, ensure effective functioning of the Board and ensure orderly succession planning.

The Committee ensures that at least one of the Directors on the Board has relevant experience of having worked in a bank/NBFC.

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

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

Appointment of a Director is subject to the provisions of the Act and rules thereunder, SEBI Listing Regulations, RBI regulations and other applicable regulations, as the case may be.

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 the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, RBI regulations, SEBI Listing Regulations and such other applicable regulations. A person cannot occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a special resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

With effect from April 1, 2024, continuation of the director serving on the Board of the Company is subject to the approval by the shareholders in a general meeting at least once in every five years from the date of appointment or reappointment, as the case may be. The aforesaid is not applicable to Whole-time Director, Managing Director, Manager, Independent Director, Director retiring by rotation, Director appointed by Court/Tribunal, Nominee Director of the Government/Financial Sector on the Board, Director nominated by RBI under lending agreement in the normal course of business or Director nominated by the Debenture Trustee registered with the Board under a subscription agreement for the debentures issued.

D. Evaluation criteria of Directors and SMPs/ KMPs/Employees

- **Independent Directors/Non-Executive Directors**

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

  a) Membership & Attendance - Board and Committee Meetings;

  b) Contribution during such meetings;

  c) Active participation in strategic decision making;

  d) Inputs to executive management on matters of strategic importance;

  e) Performance of the directors;

  f) Fulfilment of the independence criteria and their independence from the management; and

  g) 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 31. The evaluation is on the basis of Key Performance Indicators ("KPIs"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of EDs. The identified KPIs for EDs are approved by the Committee or the Board, pursuant to recommendation of the NRC, if required.

- **SMPs/KMPs (other than EDs)/Employees**

  The Human Resource ("HR") department initiates the process of evaluation of the aforementioned persons every year ending March 31, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/Management/ Department Head(s)/NRC/as prescribed by law or regulator to determine whether the performance benchmarks are achieved. The payment of remuneration/compensation/ 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 EDs/SMPs/KMPs/employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during the financial year. Training and Development Orientation programmes 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 and/or recommending the criteria for remuneration/remuneration for Directors, SMPs/KMPs and 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. the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c. the remuneration to Directors, SMPs 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.

The NRC with respect to SMPs and KMPs, further ensures that:

i. the compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process Policy;

ii. the remuneration is reasonable, recognising all relevant factors including adherence to statutory requirements and industry practices; and

iii. the remuneration/compensation packages may comprise of fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are symmetric with risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks, and the mix of cash, equity and other forms of compensation are consistent with risk alignment.

During the year under review, the Policy was amended/updated to carry out the changes required to be incorporated in accordance with requirements pursuant to regulatory changes.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

During the year under review, the NRC approved the revision to the questionnaires of the Company by broadening the scope of the ESG related aspects in the Board/Committee evaluation questionnaires.

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 is required to be carried out.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent

Directors/Non-Executive Directors/Executive Directors/ Managing Director and Chief Executive Officer and Chairman of the Board, as applicable.

During the year under review, the aforesaid annual performance evaluation was conducted through an independent external service provider's platform. The results of the evaluation were sent to the Chairman of the NRC, after which necessary feedback was provided to the NRC/Board. This process ensured that the evaluation process was carried out in a confidential manner and independent feedback was obtained on the performance.

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors/ 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 received and individual feedback is provided to each Director as per the policy for performance evaluation of the Board/its Committees/ Directors/as per the process approved by the NRC/Board.

c) Chairperson/Managing Director and Chief Executive Officer Evaluation:

- Evaluation as done by the individual directors is submitted to the Chairperson of the NRC and Chairperson of the NRC presents the feedback at the NRC Meeting and subsequently at the Board Meeting.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In accordance with the requirements of Regulation 34 of the SEBI Listing Regulations, the Report includes the Company's Business Responsibility and Sustainability Report ("BRSR"). The Company has followed the framework of the International Integrated Reporting Council (now known as Value Reporting Foundation), the Global Reporting Initiative ('GRI') and the BRSR principles as prescribed by SEBI.

REPORT ON CORPORATE GOVERNANCE

The report on Corporate Governance for the year under review, is forming a part of the Board's Report and the same is prepared in accordance with SEBI Listing Regulations and other applicable regulations. The certificate from the Secretarial Auditors of the Company confirming compliance with the conditions of corporate governance is appended to the Corporate Governance Report.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder and RBI requirements, the Members at their Thirteenth AGM held on July 28, 2021, had appointed M/s KKC and Associates LLP (Formerly Khimji Kunverji & Co. LLP), Chartered Accountants (ICAI Registration No. 105146W/ W100621) as the Statutory Auditors of the Company for a term of three years, i.e., from the conclusion of Thirteenth AGM till the conclusion of the Sixteenth AGM. Thus, the tenure of M/s KKC and Associates LLP, Chartered Accountants would end at the conclusion of the ensuing AGM.

Further, pursuant to RBI circular No. RBI/2021-22/25 ref. no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular"), NBFCs with asset size of ₹ 15,000 Cr and above are required to appoint joint statutory auditors for a continuous period of three years.

Consequent to the Merger, the asset size of the Company as at March 31, 2024 is more than ₹ 15,000 Cr. Thus, the Company is required to appoint joint statutory auditors in order to comply with the RBI circular from FY25 onwards.

In light of the aforesaid, the Board of Directors of the Company has recommended the appointment of M/s T R Chadha & Co. LLP, Chartered Accountants, (ICAI Registration No. 006711N/N500028) and M/s Brahmayya & Co., Chartered Accountants, (ICAI Registration No. 000515S) as the Joint Statutory Auditors of the Company for a period of three continuous years in accordance with the guidelines stipulated by RBI, to hold office from the conclusion of the forthcoming AGM i.e. Sixteenth AGM till the conclusion of the Nineteenth AGM, subject to the approval of the Members at the ensuing AGM of the Company.

M/s T R Chadha & Co. LLP and M/s Brahmayya & Co., Chartered Accountants, have confirmed that their appointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Act and RBI regulations. Further, the Joint Statutory Auditors have confirmed that they have subjected themselves to Peer Review process by the Institute of Chartered Accountants of India ("ICAI") and hold valid certificate issued by the Peer Review Board of ICAI.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review is unmodified. 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, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI Listing Regulations, the Company had appointed M/s Alwyn Jay and Co., Practicing Company Secretary (Membership No.: F3058 and Certificate of Practice No.: 6915) to undertake the Secretarial Audit of the Company for FY24.

Further, in terms of the regulatory requirements, M/s Alwyn Jay and Co. has issued the Annual Secretarial Compliance Report, confirming compliance by the Company of the applicable SEBI regulations and circulars/guidelines issued thereunder.

The Secretarial Audit Report is appended as **Annexure B** to the Board's Report. There is no adverse remark, qualification, reservation or disclaimer in the Secretarial Audit Report.

REPORTING OF FRAUDS BY AUDITORS

There were no frauds reported by the Auditors of the Company under Section 143(12) of the Act to the Audit Committee ("AC").

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 the Board's Report.

In terms of second proviso to Section 136 of the Act, the Report and accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the Members.

The Board of Directors affirms that the remuneration paid to the employees of the Company is as per the policy on Directors' appointment and remuneration/ compensation for Directors, Senior Management Personnel, Key Managerial Personnel and other employees and is in accordance with the requirements of the Act and SEBI Listing Regulations 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 Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

The details of conservation of energy, technology absorption and foreign exchange earnings and outgo of the Company are as follows:

a. **Conservation of Energy:**

   The details regarding measures taken towards conservation of energy are covered as part of the Natural Capital section of the Report.

b. **Technology Absorption:**

   The details pertaining to technology absorption at the Company (usage of digital and data analytics to build sustainable competitive advantage) are covered as part of the Management Discussion and Analysis section of the Report.

c. **Foreign Exchange Earnings and Outgo:**

   There were no foreign exchange earnings during the year (previous year also Nil); while the expenditure in foreign currency by the Company during the year was ₹ 90.77 Cr (previous year ₹ 72.49 Cr towards professional fees) towards professional fees, license fees and finance cost.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2024, out of the Company's total equity paid-up share capital comprising of 2,48,89,40,310 Equity Shares, only 17,330 Equity Shares were in physical form the rest being in dematerialised form.

As per SEBI notification no. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities are not processed unless the securities are held in the dematerialised form with the depositories.

Further, transmission or transposition of securities held in physical or dematerialised form is also effected only in dematerialised form.

Therefore, Members holding securities in physical form are requested to take necessary action to dematerialise their holdings.

SUBSIDIARY AND ASSOCIATE COMPANIES

As on March 31, 2024, the Company had 3 subsidiaries. The list of the subsidiary companies is covered in the Corporate Governance section of the Report.

Merger:

As stated at the beginning of the Board's Report, the Merger of the Company's wholly-owned subsidiaries namely L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited with the Company was made effective December 4, 2023 post compliance with the necessary regulatory requirements. Further, name of the Company has changed to L&T Finance Limited effective March 28, 2024, consequent upon receipt of fresh certificate of incorporation as per the requirements of the Act.

Divestment:

During the year under review, 100% of the paid-up share capital of Mudit Cement Private Limited, a wholly-owned step down subsidiary of the Company, was divested on September 26, 2023.

MATERIAL SUBSIDIARIES

Subsequent to the Merger, there is no material subsidiary of the Company as on March 31, 2024. Further, as required under Regulations 16(1)(c) and 46 of the SEBI Listing Regulations, the Board of Directors has approved the policy for determining Material Subsidiaries which is available on the website of the Company at *https://www.ltfs.com/investors*. Please refer to the section, 'Policy Compendium' for accessing the policy.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES

L&T Infra Investment Partners ("AIF Fund") is a private investment fund focused on the Indian infrastructure sector. The AIF Fund is registered as a Category I Alternative Investment Fund Infrastructure Fund with SEBI under the AIF Regulations.

L&T Infra Investment Partners Advisory Private Limited acts as an Investment Manager to the AIF Fund, whereas, L&T Infra Investment Partners Trustee Private Limited acts as the Trustee to the AIF Fund. The Company is the sponsor of the AIF Fund.

L&T Financial Consultants Limited is inter alia engaged in the business of leasing of its own properties, rendering consultancy services and advising and assisting in due diligence, providing technical assistance, financing loans or advisory services.

The highlights of performance of the businesses of subsidiaries are available on the website of the Company at *https://www.ltfs.com/investors*.

Further, as required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries and associates of the Company has been appended as **Annexure D** to the Board's Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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, 2024 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 and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The IA function of the Company monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. Based on the report of the 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 ("AC") of the Company from time to time.

BOARD MEETINGS

The details of the Board meetings held during FY24 are disclosed in the Corporate Governance Report appended to the Board's Report.

AUDIT COMMITTEE

The Company has constituted an AC in terms of the requirements of the Act, Regulation 18 of the SEBI Listing Regulations and RBI regulations. 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") and ESG Committee. The composition and terms of reference of the CSR and ESG Committee are covered in the Corporate Governance Report.

The Company has also formulated a CSR policy ("CSR Policy") in accordance with the requirements of the Act containing details specified therein. The CSR Policy along with details of the projects approved by the Board are available on the website of the Company at *www.ltfs.com*. Please refer to the section, 'Policy Compendium' for accessing the CSR Policy.

The Company has a strong commitment towards promoting inclusive social transformation in rural communities through its CSR efforts. The CSR interventions are aligned with the Sustainable Development Goals ("SDGs"), which indicate a holistic approach towards social responsibility. The project-based accountability approach with a focus on social impact, scale, and sustainability reflects the Company's commitment to creating shared value for all stakeholders.

The Company updated its CSR Policy in April 2024 by making changes to its thrust areas and creating a new thrust area to address the climate changes namely, 'Climate Impact Management'. Some of the projects under the thrust area of 'Disaster Management' pertaining to climate changes are now part of the aforesaid new thrust area and Jal Vaibhav 2.0 has also been added. This change is in alignment with the Company's new mission for bringing scale, collaboration and sustainability, and SDGs through the '3S – Strategy' – Social Impact, Scale & Sustainability. Further, the thrust area of 'Other Initiatives' has been changed to 'Social Inclusion' indicating the Company's emphasis on various social initiatives inter alia including skilling, healthcare and road safety initiatives.

As at the beginning of the year, one of the wholly-owned subsidiaries of the Company, which got merged with the Company effective December 4, 2023, had an unspent amount of ₹ 1.40 Cr for FY23. The unspent amount has been fully utilised in accordance with the requirements of the Act.

During the year, the Company spent ₹ 18.03 Cr in excess of its CSR obligations and the excess amount will be set off against the required 2% CSR spend over the next three immediate succeeding financial years.

The Company's CSR efforts are well-aligned with its business objectives, regulatory requirements, and social responsibility principles.

An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to the Board's 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 and Regulation 22 of the SEBI Listing Regulations, the Company has adopted a Vigil Mechanism Framework, under which the Whistle Blower Investigation 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 all the stakeholders such as employees, Directors and service providers (agency, vendors, contractors or any outsourced partner) can raise actual or suspected violations.

The effectiveness of our vigil mechanism is regularly reviewed by the Audit Committee, which ensures that all grievances are handled promptly and judiciously. The Audit Committee's oversight ensures that the framework is accessible to all stakeholders and that it aligns with best practices.

Necessary details pertaining to the framework are disclosed in the Corporate Governance Report appended to the Board's Report.

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

The particulars of loans, guarantees and investments as per Section 186 of the Act by the Company, as applicable, have been disclosed in the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the AC. In line with the requirements of the Act, RBI regulations and the SEBI Listing Regulations, the Company has formulated the RPT Policy. 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. The RPT Policy is available on the website of the Company at *https://www.ltfs.com/investors*. Please refer to the section, 'Policy Compendium' for accessing the RPT Policy.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") irrespective of its materiality and any subsequent material modification to any existing RPTs are referred to the AC of the Company for prior approval. The process of approval of RPTs by the AC, Board and shareholders is as under:

  a) Audit Committee:

  All RPTs and subsequent material modification, irrespective of whether they are in the ordinary course of business or at an arm's length basis require prior approval of AC.

  Only those members of the AC who are independent directors approve the RPTs.

  RPTs to which the subsidiary of the Company is a party but the Company is not a party, require prior approval of the AC if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary of the Company with effect from April 1, 2023.

  RPTs between the Company and/or its subsidiaries with unrelated parties, the purpose and effect of which is to benefit the related party of the Company or any of its subsidiaries require prior approval of the AC, with effect from April 1, 2023.

  b) 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 and/or which requires shareholders' approval, are approved by the Board.

  c) Shareholders:

  All material RPTs and subsequent material modification thereof, require approval of the shareholders, based on recommendation of the Board, through 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 required to be ratified by the Board or 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.

The following transactions are exempted from the approval requirements as per SEBI Listing Regulations and/or the Act:

- holding company and its wholly-owned subsidiary;
- two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company.

TRANSACTIONS WITH RELATED PARTIES

All RPTs that were entered into during FY24 were on an arm's length basis and 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 of the Members to notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has constituted a Risk Management Committee ("RMC") in terms of the requirements of Regulation 21 of the SEBI Listing Regulations and RBI regulations and has also adopted an Enterprise Risk Management Policy. The details are covered as part of the Corporate Governance Report.

The Company has a risk management framework and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework. The AC and the Board are kept apprised of the proceedings of the meetings of the RMC. The Company, as it advances towards its business objectives and goals, is often subjected to various risks. Credit risk, market risk, liquidity risk, climate risk, transition risk, model risk, reputation and strategic risk and operational risk are some of the risks that your Company is exposed to and details of the same are covered in the Management Discussion and Analysis and Sustainability Performance section of the 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 workplace. Further, the Company has constituted an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where complaints in the nature of sexual harassment can be registered. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

During the year under review, the Company had received one complaint in this regard and has been satisfactorily resolved.

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act is available on the website of the Company at *https://www.ltfs.com/investors* (click - Annual Return).

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.

RBI REGULATIONS

The Company has complied with the applicable regulations of RBI.

OTHER DISCLOSURES

During the year under review, the Company has obtained the Corporate Agency License under the Insurance Regulatory and Development Authority of India ("IRDAI") (Registration of Corporate Agents) Regulations, 2015 from IRDAI on August 31, 2023 in order to enable the Company to distribute and solicit the policies offered by various insurance companies.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude and appreciation towards all those who have contributed to the success of the Company during the past year. It is through the collective effort and dedication of many stakeholders that we have achieved our goals and milestones.

We express our sincere gratitude to RBI, SEBI, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, National Company Law Tribunal(s), other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them.

We would also like to thank our esteemed customers and shareholders. As we reflect on the accomplishments of the past year, we are deeply grateful for your unwavering support and partnership. Your loyalty and trust have been the cornerstone of our success, empowering us to overcome challenges and pursue new opportunities with confidence. We recognize the importance of your continued commitment, and we remain steadfast in our dedication to delivering value and excellence in all that we do.

Lastly, we extend our deepest appreciation to our employees, whose hard work, commitment, and innovative ideas have been instrumental in driving our growth and success. Their unwavering dedication and professionalism have played a significant role in overcoming challenges and seizing opportunities.

For and on behalf of the Board of Directors
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S.N. Subrahmanyan
Chairman
DIN: 02255382

Sudipta Roy
Managing Director and
Chief Executive Officer
DIN: 08069653

Place: Mumbai
Date: April 27, 2024

ANNEXURE 'A' TO BOARD'S REPORT

COMPLIANCE CERTIFICATE

[Pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021]

To,
The Members,
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

We, **Alwyn Jay & Co.**, Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on April 28, 2023 by the Board of Directors of **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) (hereinafter referred to as "the Company"), having CIN: L67120MH2008PLC181833 and having its registered office at Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098. This certificate is issued under Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as **"the Regulations"**), for the year ended March 31, 2024.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the scheme(s) including designing, maintaining records and devising proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

a) L&T Finance Limited Employee Stock Option Scheme 2010 and L&T Finance Limited Employee Stock Option Scheme 2013 ("the Schemes") implemented by the Company is in accordance with Regulation 13 of the Regulations and

b) the Schemes are in accordance with the special resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting held on November 29, 2010 for approval of the L&T Finance Limited Employee Stock Option Scheme 2010; special resolution passed by the shareholders of the Company through postal ballot on June 14, 2012 for ratification of L&T Finance Limited Employee Stock Option Scheme 2010 instituted by the Company prior to the Initial Public Offer and special resolution passed by the shareholders of the Company through postal ballot on April 04, 2014 for approval of the L&T Finance Limited Employee Stock Option Scheme 2013.

For the purpose of verifying the compliance of the Regulations, we have examined the following:

1. Scheme(s) received from/furnished by the Company;
2. Articles of Association of the Company;
3. Resolutions passed at the meeting of the Board of Directors;
4. Shareholders resolutions passed at the General Meeting(s);
5. Minutes of the meetings of the Nomination & Remuneration Committee;
6. Relevant Accounting Standards as prescribed by the Central Government;
7. Detailed terms and conditions of the Schemes as approved by Nomination & Remuneration Committee;
8. Bank Statements towards Application money received under the scheme(s);
9. Exercise Price/Pricing formula;
10. Statement filed with recognised Stock Exchange(s) in accordance with Regulation 10 of these Regulations;
11. Disclosure by the Board of Directors;
12. Relevant provisions of the Regulations, Companies Act, 2013 and Rules made thereunder.

Certification:

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the Company has implemented the ESOP Scheme – 2010 and ESOP Scheme – 2013 in accordance with the applicable provisions of the Regulations and Resolutions of the Company in the General Meeting(s).

Assumption & Limitation of Scope and Review:

1. Ensuring the authenticity of documents and information furnished is the responsibility of the Board of Directors of the Company.
2. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
3. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
4. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

Place : Mumbai
Date : April 19, 2024

ALWYN JAY & Co.
Company Secretaries

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

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058F000183447

ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[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 FINANCE LIMITED
(formerly known as L&T Finance Holdings Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) (CIN: L67120MH2008PLC181833) (hereinafter called "the Company").

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

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2024** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2024** according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time: -

  (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, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

  (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company;**

  (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company;**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company;**

(h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

(i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(vi) Other specific business/industry related laws applicable to the Company:

The Company has complied with the Reserve Bank of India Act, 1934, Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 Core Investment Companies (Reserve Bank) Directions, 2016, Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 and the other applicable general laws, rules, regulations and guidelines.

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

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

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

However, the statutory inspection of L&T Finance Limited, a material wholly-owned subsidiary of the Company ("LTF") was conducted by Reserve Bank of India ("RBI") with reference to its financial position as on March 31, 2021 and March 31, 2022 and after examination of all the related correspondence and Company's reply & submissions, RBI observed a non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly, the RBI vide its order dated October 17, 2023 (received by LTF on October 20, 2023) has imposed a monetary penalty of ₹ 2.50 crores on LTF for such non-compliance.

Further, LTF has paid the said penalty on November 02, 2023 and has already taken corrective actions and strengthened various processes and controls in relation to the deficiencies observed and it has no material impact on financial, operation or other activities of the Company.

We 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 a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

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

We further report that during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. The shareholders of the Company, at the Annual General Meeting held on July 28, 2023, has approved the amendment to the Object Clause of the Memorandum of Association of the Company.
2. Issue and allotment of 92,69,193 Equity Shares of ₹ 10 each under the L&T Finance Limited Employee Stock Option Scheme 2010 and L&T Finance Limited Employee Stock Option Scheme 2013.
3. The Hon'ble National Company Law Tribunal, Mumbai Bench and Kolkata had passed order(s) sanctioning the Scheme of Amalgamation by way of merger by absorption of L&T Finance Limited, L&T Infra Credit Limited & L&T Mutual Fund Trustee Limited (wholly-owned subsidiaries of the Company) with the Company pursuant to a Scheme of Arrangement u/s 230 & 232 read with Section 52 of the Companies Act, 2013 on October 13, 2023 and October 17, 2023 respectively.
4. Pursuant to the scheme of amalgamation and further to the merger of L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited with the Company and basis necessary approvals, the name of the Company was changed from "L&T Finance Holdings Limited" to "L&T Finance Limited" effective March 28, 2024.
5. Approval of the shareholders was obtained through postal ballot conducted through Remote E-voting on March 12, 2024 for revision in the overall borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 of an amount up to which the moneys may be borrowed by the Company and outstanding at any time not exceeding the sum of ₹ 1,50,000 Crores and for the creation of mortgage or charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013.
6. The Board, at its meeting held on March 18, 2024 has approved the proposal of raising funds by issuance of Non-Convertible Debentures (including subordinated-debt, masala bonds and perpetual debt) ("NCDs") in one or more tranches for an amount not exceeding in aggregate ₹ 1,01,000 Crores at any point of time the NCDs issued on a private placement basis.
7. During the financial year, the Company has allotted 1,37,600 Listed, Secured, Rated, Redeemable, Non-Convertible Debentures of ₹ 1,00,000/- each for cash at par on a private placement basis.
8. During the financial year, Mudit Cement Private Limited ceased to be subsidiary of the Company.

Place : Mumbai
Date : April 19, 2024

ALWYN JAY & Co.
Company Secretaries

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

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058F000183964

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

Annexure A

To
The Members,
L&T FINANCE LIMITED
(formerly known as L&T Finance Holdings Limited)

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further, part of the verification was done on the basis of electronic data provided to us by the Company on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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, 2024

ALWYN JAY & Co.
Company Secretaries

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

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058F000183964

ANNEXURE 'C' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Name of Directors/ KMPs	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]	S.N. Subrahmanyan	–
		Sudipta Roy[2]	–
		Dinanath Dubhashi[3]	281.50
		R. Shankar Raman	–
		Shailesh Haribhakti	17.56
		P. V. Bhide	15.60
		Thomas Mathew T.	15.91
		Rajani R. Gupte	14.02
		Nishi Vasudeva[2]	–
		R. Seetharaman[2]	–
		Pavninder Singh	10.86
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]	S.N. Subrahmanyan	–
		Sudipta Roy[2]	–
		Dinanath Dubhashi[3]	5%
		R. Shankar Raman	–
		Shailesh Haribhakti	13.48%
		P. V. Bhide	11.84%
		Thomas Mathew T.	32.13%
		Rajani R. Gupte	15.06%
		Nishi Vasudeva[2]	–
		R. Seetharaman[2]	–
		Pavninder Singh	35.14%
		Sachinn Joshi	19.60%
		Apurva Rathod	19.60%
3	The percentage increase in the median remuneration of employees in the financial year.	8.00%	
4	The number of permanent employees on the rolls of Company.	30,534	
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[4] thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		8.38%	14.73%
6	Affirmation that the remuneration is as per remuneration policy of the Company	We affirm that the remuneration is as per the nomination and remuneration policy of the Company.	

Notes:

[1] *For Non-Executive Directors (except Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman who do not draw remuneration from the Company), fees and commission paid in respect of the Company as per the criteria and structure approved in FY22 considered.*

[2] *Not applicable, Mr. Sudipta Roy was appointed as the Managing Director and Chief Executive Officer w.e.f. January 24, 2024, Dr. R. Seetharaman was appointed as an Independent Director w.e.f. January 23, 2024 and Ms. Nishi Vasudeva was appointed as an Independent Director w.e.f. March 15, 2024 (served as Directors for part of the year).*

(3) *Remuneration as the Managing Director and Chief Executive Officer for April 1, 2023 till January 23, 2024 and as the Whole-time Director from January 24, 2024 till March 31, 2024.*

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

For and on behalf of the Board of Directors
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S.N. Subrahmanyan
Chairman
DIN: 02255382

Sudipta Roy
Managing Director and
Chief Executive Officer
DIN: 08069653

Place: Mumbai
Date: April 27, 2024

ANNEXURE 'D' TO BOARD'S REPORT

Form AOC - I
[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures

Part - A: Subsidiaries **(₹ in Cr)**

Sr. No.	1	2	3	4	5	6	7
Name of the subsidiary	**L&T Finance Limited#**	**L&T Infra Credit Limited#**	**L&T Mutual Fund Trustee Limited#**	**L&T Financial Consultants Limited**	**L&T Infra Investment Partners Advisory Private Limited**	**L&T Infra Investment Partners Trustee Private Limited**	**Mudit Cement Private Limited***
Financial year ending on	March 31, 2024						
Reporting currency	–	–	–	–	–	–	–
Exchange rate on the last day of financial year	–	–	–	–	–	–	–
Date of acquisition	December 31, 2012	–	–	–	–	–	December 27, 2013
Share capital	–	–	–	27.75	5.00	0.10	–
Reserve and surplus	–	–	–	352.10	23.83	–	–
Total assets	–	–	–	432.89	31.24	0.20	–
Total liabilities	–	–	–	53.04	2.41	0.10	–
Investments	–	–	–	59.96	25.80	–	–
Turnover	–	–	–	44.31	5.67	0.03	–
Profit before taxation	–	–	–	35.54	4.90	0.00	–
Provision for taxation	–	–	–	10.26	1.23	–	–
Profit after taxation	–	–	–	25.28	3.67	–	–
Proposed Dividend	–	–	–	–	–	–	–
% of shareholding	–	–	–	100%	100%	100%	–

L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited have ceased to be subsidiaries of the Company pursuant to the Merger effective December 04, 2023, post compliance with the necessary regulatory requirements.

* Mudit Cement Private Limited ceased to be subsidiary of L&T Financial Consultants Limited (a subsidiary of the Company) post the sale of its business on September 25, 2023.

Name of subsidiaries which are yet to commence operations: Nil

Name of subsidiaries which have been liquidated or sold during the year: Mudit Cement Private Limited

Part - B: Associate and Joint Venture

[Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Company and Joint Venture]

Name of Associate	Grameen Capital India Private Limited
1. Latest audited Balance Sheet Date	31-03-2023
2. Date on which the Associate was associated	June 5,2015
3. Shares of Associate held by the Company as at March 31, 2024	
Number of shares	21,26,000
Amount of equity investment in Associate (₹ Cr)	2.13
Amount of preference investment in Associate (₹ Cr)	3.87
4. Holding %/Description of significant influence	26% of shareholding
5. Reason of non consolidation of the associate	No significant influence as per IndAS 28
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ Cr)	–
7. Profit/Loss for the year:	–
i. Considered in consolidation (₹ Cr)	–
ii. Not considered in consolidation (₹ Cr)	–

Name of associates or joint ventures which are yet to commence operations: Nil

Name of associates or joint ventures which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S.N. Subrahmanyan
Chairman
DIN: 02255382

Sudipta Roy
Managing Director and Chief Executive Officer
DIN: 08069653

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place: Mumbai
Date: April 27, 2024

ANNEXURE 'E' TO BOARD'S REPORT

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

1) Brief outline on CSR policy of the Company

CSR Vision:

Financial and digital transformation of rural communities and creating opportunities for sustainable livelihoods for them.

CSR Mission:

We strive to revitalize and create sustainable livelihoods and financial ecosystem of and for marginalized farmers, rural women and youth.

CSR Thrust Areas:

The CSR strategy revolves around three key thrust areas, meticulously aligned with UN Sustainability Goals and actively contributing to national development objectives. The thrust areas of your Company as on March 31, 2024 include:

1. Digital & Financial Inclusion, exemplified by our flagship program "Digital Sakhi," aimed at addressing Sustainable Development Goals (SDGs) 1 (No Poverty) and 8 (Decent Work and Economic Growth).

2. Disaster Management providing crucial relief aid to communities affected by natural calamities, alongside initiatives such as "Capacity Building of Water User Groups," in line with SDG 11 (Sustainable Cities & Communities).

3. The diverse range of interventions under 'Other Initiatives' encompasses endeavors like Project Prakruti (horticulture plantation), road safety campaigns, and healthcare programs, all contributing to SDGs 13 and 15 (Climate Action & Life on Land), and SDG 3 (Good Health and Well-being).

CSR Approach:

A project-based accountability approach is adopted, emphasizing on the three aspects of Social impact, Scale and Sustainability. Baseline and end line assessments are carried out for each project with clearly defined measurable results.

Monitoring:

A three-tier structure exists with the CSR and ESG Committee formulating and recommending the annual action plan to the Board, in line with the CSR vision of the Company. The CSR team conducts periodic review of the projects and documents the progress. The Board verifies that the CSR funds have been utilised for the projects as approved by it.

2) Composition of CSR and ESG Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR and ESG Committee held during the year	Number of meetings of CSR and ESG Committee attended during the year
1	Shailesh Haribhakti[(1)]	Chairman, Independent Director	1	1
2	Rajani R. Gupte[(2)]	Chairperson, Independent Director	1	1
3	Sudipta Roy[(3)]	Member, Managing Director and Chief Executive Officer	-	-
4	Dinanath Dubhashi	Member, Whole-time Director	1	1
5	R. Seetharaman[(4)]	Member, Independent Director	-	-

[(1)] *Ceased to be the Chairman and Member post completion of his tenure as an Independent Director w.e.f. April 1, 2024.*
[(2)] *Appointed as the Chairperson w.e.f. April 1, 2024.*
[(3)] *Appointed as a Member on appointment as the Managing Director and Chief Executive Officer.*
[(4)] *Appointed as a Member w.e.f. April 1, 2024.*

3) Web-link where composition of CSR and ESG committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

The composition of CSR and ESG Committee, CSR Policy and CSR projects approved by the Board can be accessed on the website at the following link - https://www.ltfs.com/csr

4) The executive summary along with the web-link(s) of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, is as follows:

A] Digital Sakhi Project:

The Digital Sakhi program of the Company had a meaningful effect on the lives of rural women in villages on Pune, Solapur, Latur and Osmanabad district of Maharashtra, Dhar and Barwani districts of Madhya Pradesh and Villupuram district of Tamil Nadu. The program has provided training to rural women on Digital Financial Literacy ("DFL"), leadership and technology, which has enabled them to impart DFL training to people in their communities.

The social impact assessment study conducted by CRISIL Limited in FY24 across the three states - Madhya Pradesh, Maharashtra and Tamil Nadu revealed the following outcomes.

1. Digital Sakhi - Maharashtra:

The adoption of digital modes of payment has improved drastically from the baseline study. In 2018, the said adoption was at 4% which stood at 96% in 2023 among the Digital Sakhis. While 57% of the Digital Sakhis were home makers earlier, the sustainability of livelihood of the Digital Sakhis has witnessed an improvement to 98% in 2023 leading to a greater number of Digital Sakhis being able to contribute to their family income. This data indicates a notable shift. 96% of the households now manage to save more than ₹ 1,000 per month and the average savings have increased to ₹ 3,490 per month. ~75% of the Digital Sakhis feel that the said program has provided them with financial freedom, resulting in improvement of their economic well-being.

In 2023, 100% of the women entrepreneurs of Maharashtra have adopted digital modes of payment vis-à-vis 15% adoption in 2018. The intervention has helped the entrepreneurs improve their income. Earlier 49% of the women entrepreneurs earned less than ₹ 1,000 profit per month, which has now dropped to 7%. The awareness of access to formal sources of financial services has reached the peak of 100% leading to informed decision making. The awareness on social security schemes has also improved from ~10% in 2018 to 86% in 2023.

The community members saw an increase in bank account ownership to 100% highlighting a significant accomplishment in achieving digital financial inclusion. The number of community members who are aware of digital modes of payment has moved up to 93%. The UPI mode of payment saw the fastest growth of 92% and was considered as one of the most used digital modes of payment. The awareness of the social security scheme improved to 92% amongst the community members and the same can be attributed to the efforts put in by the Digital Sakhis through their door-to-door visits and group meetings.

2. Digital Sakhi - Madhya Pradesh:

The adoption of digital payment modes amongst Digital Sakhis improved substantially from 17% in 2018 to 100% in 2023. The knowledge of the Digital Sakhis regarding the government schemes improved from 8% to 96% in the respective period, which led to the Digital Sakhis exploring formal loan arrangements from financial institutions and self help groups as a form of formal source of financial services. The intervention has also proved to be sustainable as the Digital Sakhis have started their own ventures leading to improvement in contribution to family income and inclusivity in decision making as a family.

71% of the households now manage to save more than ₹ 1,000 per month. Another important finding is that all the women entrepreneurs are earning better compared to the baseline assessment conducted. The average profitability of a woman entrepreneur in 2023 stood at ₹ 4,700 per month in 2023 vis-à-vis ₹ 1,750 per month in 2018. Improvement in the income has helped them contribute more towards the family income and in turn led to more inclusivity in savings, expenses and decision making. 85% of the women entrepreneurs had a family yearly income > ₹ 1 lakh in 2023 vis-à-vis ~37% in 2018.

87% of the community members now have a bank account and 56% of the community members have their bank accounts linked to their smartphones.

3. Digital Sakhi - Tamil Nadu:

The intervention improved the average monthly household income of Digital Sakhis by 118% from ₹ 7,770 per month in 2018 to ₹ 16,926 per month in 2023. The intervention also improved the penetration of formal financial institutions as 85% of the beneficiaries now save with the bank and around a similar number of beneficiaries use cashless mode of transaction. The awareness about social security schemes has also witnessed an improvement and reached 87%, which was less than 10% earlier.

Further, amongst the Digital Sakhis, 41% of the households now manage to save more than ₹ 1,000 per month and their average monthly savings has increased to ₹ 3,076.

The monthly income of the women entrepreneurs has improved by 126% from ₹ 2,481 in 2018 to ₹ 5,607 in 2023. The adoption of digital modes of payment has improved from 65% to 92% in the same period. ~46% women entrepreneurs took loans from banks while 39% took from self help groups, highlighting inroads of formal financial institutions and lesser dependency on money lenders.

98% of the community members now own bank accounts with 94% of them having their bank accounts linked to their smartphones. The awareness of usage of digital payment methods was higher among females (96%) vis-à-vis males (75%). ~70% of the community members have smart phones and 68% have active internet connection.

B] Miyawaki Plantation:

The Miyawaki plantation project of the Company was implemented in drought prone districts of Beed and Osmanabad districts of Maharashtra. Across five plots admeasuring 22,000 sq ft, your Company planted 68,444 trees of different species. The impact assessment study conducted by CRISIL Limited in FY24 revealed its impact on the air, soil, and the surrounding environment. As per the findings the survival rate of the trees stood at 90.30%, which has helped in improving the green cover of the region. The tree cover of the site stood at 3%-13% prior to the intervention and currently stands at 98%. The dense plantation has also helped reduce the solar radiation by 23% compared to the other open plots in the region.

The key findings of the study are as follows:

- Ecological balance built through CO_2 sequestration;
- Improved nutrient cycling, and a more stable as well as resilient environment created;
- Improved soil quality in turn supports healthier plant growth and overall ecosystem vitality;
- Reduces run-off and absorbs rainwater leading to water retention and ground water recharge.

The plantation has led to collaboration of living creatures both complex and peculiar microbes, fungi, shrubs, and groundcovers. In turn, this clustering has attracted insects (which help in the pollination process), birds, and animals in an interdependent manner.

The plantation cannot replace true forest but it helps to restore biodiversity and helps in fighting the impact of climate changes. The method accelerates growth and carbon storage compared to forests regenerating without any human intervention.

Please refer to the following link to access the detailed impact assessment reports: *https://www.ltfs.com/csr*

5) a) **Average net profit of the Company as per sub-section (5) of Section 135:** ₹ 61,67,29,901.33

b) **Two percent of average net profit of the Company as per sub-section (5) of Section 135:** ₹ 1,23,34,598.03

c) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

d) **Amount required to be set-off for the financial year, if any:** Nil

e) **Total CSR obligation for the financial year [(b)+(c)-(d)]:** ₹ 1,23,34,598.03

6) a) **Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** ₹ 17,86,72,956.86

b) **Amount spent in Administrative Overheads:** ₹ 89,33,647.84

c) **Amount spent on Impact Assessment, if applicable:** ₹ 49,91,400.00

d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 19,25,98,004.70

e) **CSR amount spent or unspent for the financial year:**

Total amount spent for the financial year (in ₹)	Amount Unspent (in ₹)				
	Total amount transferred to Unspent CSR Account as per sub-section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
19,25,98,004.70	Nil	-	-	Nil	-

f) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in ₹)
i.	Two percent of average net profit of the Company as per sub-section (5) of Section 135	1,23,34,598.03
ii.	Total amount spent for the financial year	19,25,98,004.70
iii.	Excess amount spent for the financial year [(ii)-(i)]	18,02,63,406.67
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set-off in succeeding financial years [(iii)-(iv)]	18,02,63,406.67

7) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years of the Company:

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹)	Balance Amount in Unspent Account under sub-section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to any fund specified under schedule VII as per sub-section (5) of Section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY23	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	FY22	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	FY21	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Note: L&T Finance Limited, the wholly-owned subsidiary of the Company, had an unspent amount of ₹ 1,40,36,061 in FY23 which was utilised in Q1FY24. Further, L&T Finance Limited was merged with the Company w.e.f. December 4, 2023.

8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

○ Yes ✔ No

9) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135: Not Applicable

Rajani R. Gupte
Chairperson
CSR and ESG Committee
DIN: 03172965

Sudipta Roy
Managing Director and
Chief Executive Officer
DIN: 8069653

Place: Mumbai
Date: April 27, 2024

Corporate Governance Report

[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

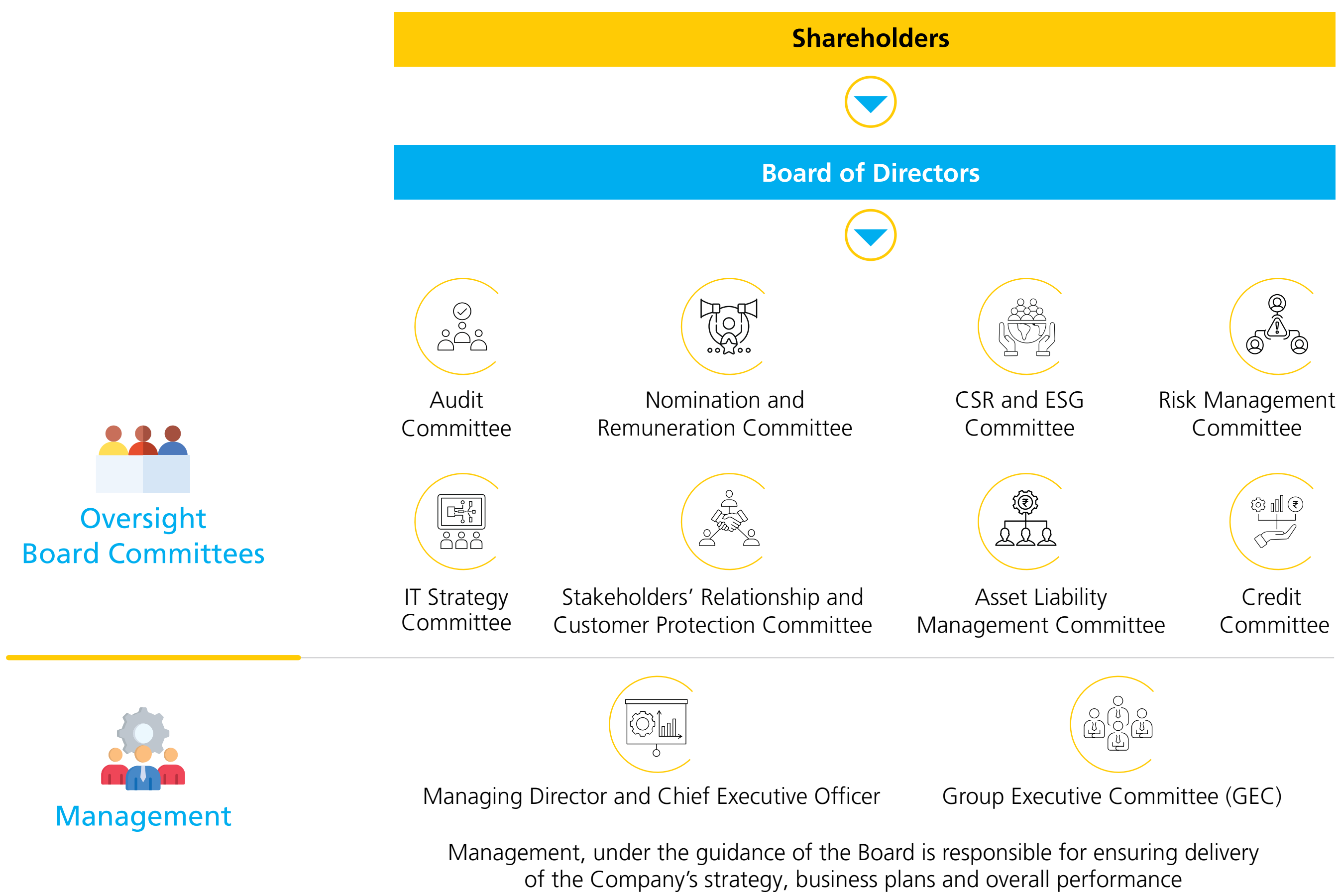
A. Philosophy on Corporate Governance

We are committed to upholding the highest standards of corporate governance and continue strengthening the same. At the core of our philosophy lies the fundamental principles of pride, integrity, discipline, and ambition, which serve as the guiding light in our operations. We believe that corporate governance is not merely a set of rules to abide by but rather a reflection of who we are as a Company and how we conduct ourselves in all our dealings with different stakeholders. Through continuous engagement, transparent communication, robust processes and controls, and ethical decision-making, we aim to foster trust and confidence among all our stakeholders, ensuring that their interests are safeguarded. As we navigate the ever-changing landscape of business, we remain steadfast in our dedication to excellence, accountability, and sustainable growth, knowing that the diligent practice of strong corporate governance principles will help us to create long-term value for all.

The Board of Directors ("Board") through its supervisory role and oversight ensures that we have appropriate processes and controls in place, to support our operations and protect our stakeholders' interest. The Board continuously evaluates and refines the governance practices to ensure that they align with best practices and evolving expectations.

We have complied with all the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

A report on compliance with the SEBI Listing Regulations is given subsequently in this report.



B. Board of Directors

The Board plays a crucial role in providing strategic guidance and helps build governance structure to drive the overall success and growth of the Company. Comprising a diverse group of highly experienced professionals, the Board brings together a wealth of knowledge, expertise, and industry insights.

Our esteemed Board members are selected based on their extensive backgrounds in various sectors, skills possessed and expertise including their ability to provide valuable perspectives on various matters having a bearing on the Company.

As stewards of corporate governance, the Board ensures that the Company operates with integrity, transparency, and adheres to legal and ethical standards. They oversee the formulation and implementation of effective policies, risk management strategies, and long-term strategic plans. Through their collective wisdom and experience, they provide guidance to the leadership team, offering valuable insights and oversight to steer the Company towards achieving its goals, driving innovation, and creating sustainable value for all the stakeholders.

1. Composition of Board:

As on March 31, 2024, the Board consists of eleven Directors comprising six Independent Directors (including two women Independent Directors), one Executive Director, one Whole-time Director, two Non-Executive Directors and one Nominee Director. The Board consists of eminent personalities from diverse fields: entrepreneurs/professionals, private sector/public sector, social sector/commercial sector, banking/non-banking sector.

The Board at its Meeting held on January 23, 2024, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), approved the appointment of Mr. Sudipta Roy (DIN: 08069653) as the Managing Director and Chief Executive Officer of the Company for a term of five years from January 24, 2024 up to January 23, 2029.

Further, the Board at its Meeting held on January 23, 2024, based on the recommendation of the NRC approved the redesignation of Mr. Dinanath Dubhashi (who was the Managing Director and Chief Executive Officer of the Company) (DIN:03545900) as the Whole-time Director of the Company with effect from January 24, 2024 until April 30, 2024.

Dr. R. Seetharaman (DIN: 01846777) was appointed as an Independent Director of the Company for a first term of up to five years with effect from January 23, 2024 till January 22, 2029 by the Board based on recommendation of the NRC of the Company.

Ms. Nishi Vasudeva (DIN:03016991) was reappointed as an Independent Director of the Company for a second term of up to five years with effect from March 15, 2024 till March 14, 2029 by the Board based on recommendation of the NRC of the Company.

The Members approved the aforesaid appointments/ reappointment/redesignation by resolutions passed through postal ballot on March 12, 2024.

Further, pursuant to the provisions of Section 149 of the Act read with relevant rules made thereunder, an Independent Director cannot hold office for more than two consecutive terms of up to five years each.

In light of the aforesaid, Mr. Shailesh Haribhakti, (DIN: 00007347) and Mr. P. V. Bhide (DIN: 03304262), Independent Directors of the Company, who were appointed for a term of five years, from April 1, 2014 to March 31, 2019 and reappointed for a second term of five years i.e., from April 1, 2019 to March 31, 2024, have ceased to be Independent Directors of the Company w.e.f. April 1, 2024, pursuant to completion of the aforesaid term.

The Board records its deep appreciation for contribution by Mr. Shailesh Haribhakti and Mr. P. V. Bhide in guiding and supporting the management during their tenure as Independent Directors of the Company over the last so many years.

The composition of Board of your Company is commensurate with the size of the Company, complexity and nature of various underlying businesses, and represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provides effective leadership to the businesses of the Company.

All the Independent Directors have confirmed to the Board that they meet the criteria for independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act.

These confirmations have been placed before the Board.

None of the Directors of the Company are inter-se related to each other.

2. Board Procedure:

The Board meets at regular intervals and the Board meetings (including Committee meetings) serve as a forum for Board/Committee members to come together and deliberate on critical matters related to the Company's strategy, operations, financial performance, and governance. These meetings of the Company are held at regular intervals, and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure participation of all Board members in the meetings. However, in case of a special and urgent business need, separate special Board/ Committee meetings are held or the approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent meeting.

The Corporate Secretarial Team approaches various business/department heads in advance with regard to matters requiring the approval of the Board/Committees to enable inclusion of the same in the agenda for the meetings of the Board/Committees. The Board members receive detailed agendas including relevant materials, such as reports, financial statements, and other necessary documents, well in advance of the Meeting enabling them to review and prepare for discussions. During the meeting, the Board engages in structured discussions, allowing each member to share insights, ask questions, and express their viewpoints.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is presented directly at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items are taken up with the approval of the Chair and majority of Directors. Senior Management is invited to the Board/Committee meeting(s) to provide additional inputs for the items pertaining to their line of business/function being discussed by the Board/Committee(s). The Board members interact with the Senior Management (including Chief Executives) frequently including at the Board Meetings.

Further, presentations are made on business operations to the Board by the respective Senior Management covering business strategy and updates on business, macro economic development, IT and data analytics, marketing and initiatives towards environmental, social and governance ("ESG") aspects. Additionally, presentations are made on various matters including the financial statements, fund raising program, operations related issues, customers/ investors complaints and the redressal thereof, regulatory environment or any other issue which the Board is required/wants to be apprised of. The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises/assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board/ Committee(s) agenda and minutes. The Directors of the Company receive the agenda in electronic form through this application, which can be accessed only through i-Pad. The application meets the high standards of security and integrity that is required for storage and transmission of Board/ Committee(s) agenda and minutes in electronic form.

The draft minutes of the proceedings of the meetings of the Board/Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board/Committee(s) and confirmed in accordance with the regulatory requirements.

3. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act and Regulation 25(3) of SEBI Listing Regulations require the Independent Directors of the Company to hold at least one meeting as per regulatory requirements without the attendance of non-independent directors and members of the management. In view of the aforesaid requirements, the Independent Directors of the Company met on April 28, 2023.

Necessary actions were taken in respect of the actionable points, which arose during the discussions at the Meeting.

4. Meetings and Attendance:

During the financial year ended March 31, 2024, eleven Board meetings were held on April 28, 2023 (two board meetings), June 8, 2023, July 01, 2023, July 19, 2023 (two board meetings), October 20, 2023 (two board meetings), November 29, 2023, January 23, 2024 and March 18, 2024. The meetings of the Board are generally held at 2nd Floor, 2A Board Room, Landmark Building, A Wing, Off. Andheri Kurla Road, Near Western Express Highway Metro, Andheri East, Mumbai – 400093 or at the registered office of the Company.

The details of attendance of the members of the Board at the meetings held during the year and also the number of other Directorships and Memberships/Chairmanships of Committees held by them as on March 31, 2024 are as follows:

Name of the Director	Nature of Directorship	Board Meetings held/ conducted during the year	No. of Board Meetings attended	Attendance at the last AGM	No. of Directorships in other companies[1]	No. of Committee Memberships/ Chairmanships (including the Company)[2]		No. of Independent Directorships (including the Company)[3]
						Member	Chairman	
S.N. Subrahmanyan (DIN: 02255382)	C (NED)	11	11	👤	6	–	–	–
Sudipta Roy[4] (DIN: 08069653)	MD & CEO	1	1	–	1	1	–	–
Dinanath Dubhashi[5] (DIN: 03545900)	WTD	11	11	👤	–	1	–	–
R. Shankar Raman (DIN: 00019798)	NED	11	11	👤	6	3	–	–
Shailesh Haribhakti[6] (DIN: 00007347)	ID	11	11	👤	19	10	5	5
P. V. Bhide[6] (DIN: 03304262)	ID	11	11	👤	6	7	2	4
Thomas Mathew T. (DIN: 00130282)	ID	11	11	👤	1	3	2	1
Rajani R. Gupte (DIN: 03172965)	ID	11	11	👤	1	3	2	1
R. Seetharaman[7] (DIN: 01846777)	ID	2	2	–	–	–	–	1
Nishi Vasudeva[8] (DIN: 03016991)	ID	1	1	–	5	3	–	3
Pavninder Singh[9] (DIN: 03048302)	NED/ND	11	8	👤	3	–	–	–

C – Chairman NED – Non-Executive Director MD – Managing Director CEO – Chief Executive Officer WTD – Whole-time Director
ND – Nominee Director ID – Independent Director 👤 – Present

Notes:

(1) Excludes Directorship in foreign company & Section 8 company.

(2) Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company and excludes memberships in high value debt listed entities.

(3) Only equity listed companies considered.

(4) Appointed as Managing Director and Chief Executive Officer w.e.f. January 24, 2024.

(5) Redesignated as the Whole-time Director w.e.f. January 24, 2024.

(6) Ceased to be an Independent Director of the Company post completion of tenure w.e.f. April 1, 2024.

(7) Appointed as an Independent Director w.e.f. January 23, 2024.

(8) Reappointed as an Independent Director w.e.f. March 15, 2024.

(9) Nominee Director of BC Investment VI Limited and BC Asia Growth Investments (Equity Investors).

The details pertaining to the directorships held by a Director in listed companies other than the Company as on March 31, 2024 is as follows:

Name of the Director	Name of the listed entity(1)	Nature of Directorship
S.N. Subrahmanyan	Larsen & Toubro Limited	Chairman and Managing Director
	L&T Technology Services Limited	Non–Executive Vice Chairman
	LTIMindtree Limited	Non–Executive Vice Chairman
Sudipta Roy	–	–
Dinanath Dubhashi	–	–
R. Shankar Raman	Larsen & Toubro Limited	Whole–time Director and Chief Financial Officer
	LTIMindtree Limited	Non–Executive Director
Shailesh Haribhakti	Torrent Pharmaceuticals Limited	Independent Director
	Blue Star Limited	Independent Director
	Bajaj Electricals Limited	Independent Director
	Adani Total Gas Limited	Independent Director
P. V. Bhide	NOCIL Limited	Independent Director
	Glaxosmithkline Pharmaceuticals Limited	Independent Director
	Borosil Renewables Limited	Independent Director
Thomas Mathew T.	–	–
Rajani R. Gupte	–	–
R. Seetharaman	–	–
Nishi Vasudeva	Crisil Limited	Independent Director
	HCL Technologies Limited	Independent Director
Pavninder Singh	360 One Wam Limited	Nominee Director

(1) Only equity listed companies are considered.

5. Information to the Board:

The Board has access to the information within the Company, which inter alia includes:

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries;
- Quarterly results and results of operations of subsidiaries;
- Minutes of the meetings of the Board of Directors and Committees;
- Minutes of the Board meetings of subsidiaries;
- Details of potential acquisitions or collaboration agreement, if any;
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment;
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company;
- Developments in respect of human resources; and
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service grievances such as non-payment of dividend, delay in share transfer, etc., if any.

6. Post-meeting internal communication system:

The important decisions taken at the Board/ Committee meetings are communicated to the business/functions concerned promptly to enable timely action, if required. Necessary report is also placed at the meeting(s) updating the Board/ Committee(s) on the steps/actions taken with respect to the actionable points.

7. Board-skills/ expertise/ competencies:

For details on the Board-skills/expertise/ competencies, please refer to the Corporate Governance section of the Report.

8. Performance Evaluation:

The NRC has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for the aforesaid evaluation as required under the Act is given in the Board's Report.

9. Succession Planning:

To ensure the long-term sustainability and continued success of your Company, the Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to Senior Management by identification of talent and further development process, to build a pipeline of talent to meet future leadership needs. The NRC is responsible for overseeing the succession planning for the Board and Senior Management Personnel as per the policy of the Company.

For more details on approach to the succession planning and the actions on the same during the year, please refer to the Corporate Governance section of the Report.

10. Familiarisation programme:

Your Company has designed a familiarisation program to introduce/ induct all new Independent Directors. This program plays a vital role in enabling the Board members to understand the organization, its operations, culture, governance practices and also their roles, responsibilities, and expectations, thereby facilitating their effective contribution to the Board's work.

The Company provides its directors with training opportunities related to its business, both during the induction process and periodically (including during Board Meetings). The Board conducts a dedicated meeting annually to discuss the strategy and budget of the Company. The Board members interact with the Senior Management whereby they stand to benefit from the Directors' experience. During FY24, 100% of the Board members have undergone dedicated training on ESG and Information Security, the emerging topics in the current scenario. For details on the number of training hours of the Board, please refer to the Business Responsibility and Sustainability Report.

Systems and resources are made available to the members of the Board. Additionally, regular field visits i.e., visits to the branches and meeting centres, are generally arranged for the Directors which help them understand the businesses and the on-ground functioning. It also gives the Directors an opportunity to communicate directly with the borrowers and dealers and understand the on ground perception of the services provided by the Company and factors which differentiates its offerings from the others. For the Independent Director appointed during the year, specific one to one interactions with the members of the management team were facilitated. Further, a dedicated field visit was also arranged to familiarise the Director with the on field functioning.

The details relating to the familiarisation programme are available on the website of the Company at https://www.ltfs.com/investors (click- Familiarisation Programme).

11. Confirmation of Independent Directors:

In the opinion of the Board, Independent Directors fulfill the conditions required for independent directors as per the provisions of the Act, the SEBI Listing Regulations and all other applicable laws and are independent of the management.

C. Board Committees

Board level committees are essential for effective governance and efficient decision making within a Company. Board level committees provide a structured approach to address specific areas of operations, allowing Board members to focus on other issues in more depth. By delegating certain responsibilities to the Committees, the Board can leverage the expertise and specialized knowledge of committee members, leading to better informed decisions. Establishing Board level committees also ensures a checks and balances system within the Company, with committees independently reviewing and evaluating key aspects of operations and decision making. Overall, Board level committees enhance governance practices, strengthen board effectiveness, and contribute to the long-term success of the Company. The Board is regularly briefed about the deliberations at the meetings of the Committees and a summary of discussions as well as the minutes of such meetings are circulated to the Board. Further, business transacted by the committees of the Board is placed before the Board for noting/ recommendation/approval as applicable.

The Board has currently constituted the following Committees including pursuant to the provisions of the Act, SEBI Listing Regulations and Reserve Bank of India ("RBI") regulations:

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility and ESG Committee;
- Risk Management Committee;
- IT Strategy Committee;
- Stakeholders Relationship and Customer Protection Committee;
- Asset Liability Management Committee; and
- Committee of Directors.

1. Audit Committee ("AC"):

Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment, remuneration and terms of appointment of the auditors of the Company;
- Approving payment of fees to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Section 134(3)(c) of the Act
  b. Changes, if any, in the accounting policies and practices and reasons for the same
  c. Major accounting entries involving estimates based on the exercise of judgment by management
  d. Significant adjustments made in the financial statements arising out of audit findings
  e. Compliance with listing and other legal requirements relating to financial statements

f. Disclosure of any related party transactions

g. Qualifications in the draft audit report

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approving of or any subsequent modification of transactions of the Company with related parties;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Scrutinizing the inter-corporate loans and investments;
- Evaluating the internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower Mechanism/Vigil Mechanism;
- Approving the appointment of Chief Financial Officer (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Investigating 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;
- 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;
- Reviewing of the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Cr or 10% of the asset size of the subsidiary, whichever is lower;
- Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;
- Reviewing of information as prescribed under the SEBI Listing Regulations (as amended from time to time); and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition as on the date of the Board's Report:

Name of the Director	Designation in the Committee	Nature of Directorship
R. Seetharaman(1)	Chairman	ID
R. Shankar Raman	Member	NED
Thomas Mathew T.	Member	ID
Nishi Vasudeva(2)	Member	ID

(1) Appointed as Chairman w.e.f. April 1, 2024.

(2) Appointed as Member w.e.f. April 1, 2024.

Meetings and Attendance:

The AC met six times during the year on April 28, 2023, July 19, 2023, October 20, 2023, November 29, 2023, January 23, 2024 and March 18, 2024. The attendance of Members at the meetings was as follows:

Name of the Director	No. of Meetings held/conducted during the tenure of the Member/year	No. of Meetings attended
P. V. Bhide(1)	6	6
R. Shankar Raman	6	6
Shailesh Haribhakti(1)	6	6
Thomas Mathew T.	6	6

(1) Ceased to be a Member post completion of their tenure as an Independent Director w.e.f. April 1, 2024.

All the recommendations by the AC to the Board during the year have been accepted.

All the members of the AC are financially literate and have accounting or related financial management expertise. The Company Secretary is the Secretary to the AC.

2. Nomination and Remuneration Committee ("NRC"):

Terms of reference:

The role of the NRC includes the following:

- Identifying 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 carrying out evaluation of Board/Committees/Directors.
- Formulating 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.
- Recommending to the Board appointment of Chief Compliance Officer in accordance with RBI regulations;
- Ensuring 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.
  c. remuneration to directors, key managerial personnel and Senior Management personnel 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.
- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- Formulating the Employee Stock Option Scheme (ESOS), decide the terms and conditions, make appropriate recommendations to the Board of Directors and administering and superintending ESOS; and
- Determining the remuneration payable to the Senior Management Personnel as defined under the SEBI Listing Regulations including Chief Financial Officer and Company Secretary of the Company.

Composition as on the date of the Board's Report:

Name of the Director	Designation in the Committee	Nature of Directorship
Thomas Mathew T.	Chairman	ID
R. Shankar Raman	Member	NED
Rajani R. Gupte	Member	ID

Meetings and Attendance:

The NRC met six times during the year on April 26, 2023, July 1, 2023, July 14, 2023, October 17, 2023, November 29, 2023 and January 23, 2024.

The attendance of Members at the meetings was as follows:

Name of the Director	No. of Meetings held/conducted during the tenure of the Member/year	No. of Meetings attended
Thomas Mathew T.	6	6
R. Shankar Raman	6	6
Shailesh Haribhakti[1]	6	5
P. V. Bhide[1]	6	6
Rajani R. Gupte	6	6
Pavninder Singh[2]	6	4

(1) Ceased to be a Member post completion of their tenure as an Independent Director w.e.f. April 1, 2024.

(2) Resigned as Member w.e.f. March 6, 2024.

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The Directors on the Board who are in the services of L&T Group are not paid any commission or sitting fees for attending the meetings of the Board and/or any Committee.

While the Company pays remuneration to Executive Director(s) including by way of salary, perquisites, retirement benefits (fixed components) and variable remuneration, the Non-Executive Directors ("NEDs") are paid remuneration by way of commission and sitting fees. The remuneration to NEDs is based on the recommendation of the NRC and approval of the Board, subject to the limits approved by the Members, to the extent required as per regulatory requirements.

None of the NEDs have any pecuniary relationship with the Company, except for the sitting fees and commission as approved by the Board.

As required under Schedule V of the SEBI Listing Regulations, the criteria for payment to NEDs is available on the website of the Company at *https://www.ltfs.com/investors* (click-Criteria for Payment to NEDs). Further, the performance evaluation criteria for Independent Directors as required under Schedule V of the SEBI Listing Regulations is included in the Board's Report.

Details of remuneration paid to the Directors for the financial year ended March 31, 2024:

a) Remuneration to Executive Director(s)

The details of remuneration paid to Executive Directors are as follows:

(₹ in Cr)

Name of the Director	Salary (including Retention Bonus & Perquisites)	Performance linked Incentive/ Variable Remuneration[1]	Retirement Benefits	Total
Dinanath Dubhashi[2]	23.58 [3]	2.02	0.56	26.16
Sudipta Roy[4]	0.54	0.35	–	0.89

(1) Based on policy formulated by the NRC and approved by the Board.

(2) Remuneration as the Managing Director and Chief Executive Officer from April 1, 2023 till January 23, 2024 and as the Whole-time Director from January 24, 2024 till March 31, 2024.

(3) Includes retention/catch-up pay and perquisites on ESOPs exercised during the year.

(4) Details for the period January 24, 2024 (i.e. date of appointment as the Managing Director and Chief Executive Officer of the Company) to March 31, 2024.

Note:

- Notice period for termination of appointments of Managing Director and Chief Executive Officer and Whole-time Director is three months and one month respectively on either side.
- No severance pay is payable on termination of appointment.
- Details of options granted under Employees Stock Options Schemes are provided on the website of the Company at www.ltfs.com/investors.

b) Remuneration to Non-Executive Directors

The Company follows a transparent process for determining the remuneration of NEDs. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, active participation in strategic decision making and inputs to executive management on matters of strategic importance. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of NEDs including Independent Directors.

In the backdrop of growing complexities and increasing regulatory requirements, the NEDs have contributed significantly and given useful feedback from time to time. The commission paid in respect of NEDs for the year is mentioned below. The commission paid is as per the limits approved by the Members, subject to the limit not exceeding 1% p.a. of the net profits of the Company.

In addition to the commission, during the year under review, the Company has paid sitting fees of ₹ 60,000 per Board and Independent Directors meeting, ₹ 50,000 per Audit Committee and Nomination and Remuneration Committee meeting and ₹ 40,000 per meeting for other Committee meetings.

The details of remuneration paid in respect of directorship/committee membership of the Company to the NEDs are as follows:

(₹ in Lakhs)

Name of the Director	Sitting fees for Board Meeting/ Independent Director Meeting	Sitting fees for Committee Meetings	Commission[1]	Total
S.N. Subrahmanyan[2]	–	–	–	**–**
R. Shankar Raman[2]	–	–	–	**–**
Shailesh Haribhakti	7.20	7.50	25.70	**40.40**
P. V. Bhide	7.20	6.80	21.90	**35.90**
Thomas Mathew T.	7.20	7.60	21.80	**36.60**
Rajani R. Gupte	7.20	5.40	19.65	**32.25**
R. Seetharaman	1.20	–	3.00	**4.20**
Nishi Vasudeva	0.60	–	1.50	**2.10**
Pavninder Singh	4.80	3.20	17.00	**25.00**

(1) Based on guidelines formulated by the NRC and approved by the Board.

(2) Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman are in the services of Larsen & Toubro Limited and draw remuneration from Larsen & Toubro Limited. They are not paid any commission or sitting fees separately for attending the meetings of the Board and/ or any Committee of the Company.

Details of shares/convertible instruments, if any, held by the NEDs as on March 31, 2024 are as follows:

Name of the Director	No. of Equity Shares
S.N. Subrahmanyan	4,987
R. Shankar Raman	30,080
Shailesh Haribhakti[1]	5,39,038
P. V. Bhide[1]	6,136

(1) Ceased to be an Independent Director post completion of their tenure as an Independent Director w.e.f. April 1, 2024.

3. Corporate Social Responsibility ("CSR") and ESG Committee:

Terms of reference:

The role of CSR and ESG Committee includes the following:

- Formulating the CSR policy indicating the activities to be undertaken by the Company as per regulatory requirements and recommend the same to the Board;
- Recommending to the Board the annual action plan and the amount to be spent on CSR activities;
- Monitoring the implementation of the CSR policy;
- Formulation of action plan/guidelines/policies with regard to Sustainability/ESG;

- Reviewing implementation of the action plan; and
- Approving the sustainability report(s).

Composition as on the date of the Board's Report:

Name of the Director	Designation in the Committee	Nature of Directorship
Rajani R. Gupte[1]	Chairperson	ID
Sudipta Roy[2]	Member	MD & CEO
Dinanath Dubhashi[3]	Member	WTD
R. Seetharaman[4]	Member	ID

(1) Appointed as the Chairperson w.e.f. April 1, 2024.
(2) Appointed as a Member on appointment as the Managing Director and Chief Executive Officer.
(3) Continued as a Member on redesignation as the Whole-time Director.
(4) Appointed as a Member w.e.f. April 1, 2024.

Meetings and Attendance:

The CSR and ESG Committee met once in the year on April 26, 2023. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held/conducted during the tenure of the Member/year	No. of Meetings attended
Shailesh Haribhakti[1]	1	1
Dinanath Dubhashi	1	1
Rajani R. Gupte	1	1

(1) Ceased to be a Member post completion of his tenure as an Independent Director w.e.f. April 1, 2024.

4. Risk Management Committee ("RMC"):

Terms of reference:

The role of the RMC includes the following:

- Formulating a detailed risk management policy including:
    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, market, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
    b. Measures for risk mitigation including systems and processes for internal control of identified risks; and
    c. Business continuity plan.
- Ensuring that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Monitoring and overseeing implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- Periodically reviewing the risk management policy, at least once a year including by considering the changing industry dynamics and evolving complexity;
- Keeping the Board informed about the nature and content of its discussions, recommendations and actions to be taken;
- Reviewing the appointment, removal and terms of remuneration of the Chief Risk Officer (if any); and
- Such other functions as the Board may from time-to-time delegate to it or may be prescribed under law.

Composition as on the date of the Board's Report:

Name of the Member	Designation in the Committee	Nature of Directorship
Nishi Vasudeva[1]	Chairperson	ID
Managing Director and Chief Executive Officer	Member	-
Dinanath Dubhashi[2]	Member	WTD
R. Shankar Raman	Member	NED
Rajani R. Gupte	Member	ID
Pavninder Singh	Member	NED/ND
Chief Risk Officer	Member	–
Chief Financial Officer[3]	Member	–
Company Secretary[3]	Member	–

(1) Appointed as the Chairperson and Member w.e.f. April 1, 2024.
(2) Continued as a Member on redesignation as the Whole-time Director.
(3) Appointed as a Member w.e.f. November 29, 2023.

Meetings and Attendance:

The RMC met four times during the year on June 20, 2023, September 27, 2023, December 15, 2023 and March 14, 2024. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held/conducted during the tenure of the Member/year	No. of Meetings attended
Shailesh Haribhakti[(1)]	4	4
Managing Director and Chief Executive Officer	4	4
Dinanath Dubhashi[(2)]	1	1
R. Shankar Raman	4	1
Rajani R. Gupte	4	3
Pavninder Singh	4	3
Chief Operating Officer[(3)]	1	1
Chief Risk Officer	4	4
Chief Financial Officer[(4)]	2	2
Company Secretary[(4)]	2	2

(1) Ceased to be a Member post completion of his tenure as an Independent Director w.e.f. April 1, 2024.

(2) Continued as a Member on redesignation as the Whole-time Director.

(3) Mr. Sudipta Roy, the Chief Operating Officer, appointed as a Member w.e.f. November 29, 2023. Consequent to Mr. Sudipta Roy's appointment as the Managing Director and Chief Executive Officer w.e.f. January 24, 2024, he ceased to be a Member as the Chief Operating Officer.

(4) Appointed as a Member w.e.f. November 29, 2023.

5. IT Strategy Committee ("ITSC"):

Terms of Reference:

The role of ITSC includes the following:

- Reviewing and recommending strategies to implement the Information Technology policy;
- Approving IT strategy and policy documents and ensuring that the Senior Management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks, cost and benefits and that budgets are acceptable;
- Monitoring the method that Senior Management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining Company growth and becoming aware about exposure towards IT risks and controls;
- Analysing the business impact of proposed strategies;
- Approving the Information Technology budget (including for IT security), cyber security which is commensurate with the Company's IT maturity, digital depth, threat environment and industry standards and are utilised in the manner intended for meeting the objectives under the Information Technology policy;
- Risk acceptance of IT strategies and assessing/managing IT and cyber security;
- Overseeing the activities of IT Steering Committee and Information Security Committee and taking periodic updates from the said committees;
- Reviewing on annual basis, the adequacy and effectiveness of the business continuity planning and disaster recovery management of the Company;
- Satisfying itself of adequate skill resources, well defined objectives and unambiguous responsibility for each level; and
- Reviewing the assessment of IT capacity requirements and measures taken to address the same.

Composition as on the date of the Board's Report:

Name of the Member	Designation in the Committee	Nature of Directorship
Thomas Mathew T.	Chairman	ID
Managing Director and Chief Executive Officer	Member	–
Dinanath Dubhashi[(1)]	Member	WTD
Nishi Vasudeva[(2)]	Member	ID
Chief Information Officer (Chief Digital Officer)	Member	–
Chief Technology Officer	Member	–
Chief Risk Officer	Member	–
Chief Information Security Officer	Member	–
Chief Financial Officer[(3)]	Member	–

(1) Continued as a Member on redesignation as the Whole-time Director.

(2) Appointed as a Member w.e.f. April 1, 2024.

(3) Appointed as a Member w.e.f. November 29, 2023.

Meetings and Attendance:

The ITSC met four times during the year on June 20, 2023, September 27, 2023, December 15, 2023 and March 14, 2024. The attendance of members at the meetings was as follows:

Details of the Member	No. of Meetings held/conducted during the tenure of the Member/year	No. of Meetings attended
Thomas Mathew T.	4	4
Managing Director and Chief Executive Officer	4	4
Dinanath Dubhashi(1)	1	1
Chief Operating Officer(2)	1	1
Chief Information Officer	4	4
Chief Technology Officer	4	4
Chief Risk Officer	4	4
Chief Information Security Officer	4	4
Chief Financial Officer(3)	2	2

(1) Continued as a Member on redesignation as the Whole-time Director.

(2) Mr. Sudipta Roy, the Chief Operating Officer, appointed as a Member w.e.f. November 29, 2023. Consequent to Mr. Sudipta Roy's appointment as the Managing Director and Chief Executive Officer w.e.f. January 24, 2024, he ceased to be a Member as the Chief Operating Officer.

(3) Appointed as a Member w.e.f. November 29, 2023.

6. Stakeholders Relationship and Customer Protection Committee ("SRCPC"):

Terms of reference:

The role of the SRCPC includes the following:

- Reviewing of cases for refusal of transfer/ transmission of shares, debentures and other securities, if any;
- Redressal of stakeholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest, etc.;
- Reference to statutory and regulatory authorities regarding security holders' grievances;
- Ensuring proper and timely attendance and redressal of security holders' queries and grievances;
- Reviewing of measures taken for effective exercise of voting rights by shareholders;
- Reviewing of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agents;
- Reviewing of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
- Reviewing of activities of Internal Ombudsman;
- Reviewing of cases rejected by Internal Ombudsman;
- Approving the standard operating procedure for handling customer service and customer protection;
- Determining the structure of emoluments, facilities and benefits for the Internal Ombudsman/Deputy Internal Ombudsman; and
- Any other activities as may be specified under law from time to time.

Composition as on the date of the Board's Report:

Name of the Director	No. of Meetings held/ conducted during the tenure of the Member/year	Nature of Directorship
Rajani R. Gupte	Chairperson	ID
Sudipta Roy(1)	Member	MD & CEO
Dinanath Dubhashi	Member	WTD
R. Seetharaman(2)	Member	ID

(1) Appointed as a Member on appointment as the Managing Director and Chief Executive Officer.

(2) Appointed as a Member w.e.f. April 1, 2024.

Meetings and Attendance:

The SRCPC met two times during the year on October 19, 2023 and March 18, 2024. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held/ conducted during the tenure of the Member/year	No. of Meetings attended
Rajani R. Gupte	2	2
Sudipta Roy(1)	1	1
P. V. Bhide(2)	2	2
Dinanath Dubhashi	2	2

(1) Appointed as a Member on appointment as the Managing Director and Chief Executive Officer.

(2) Ceased to be a Member post completion of his tenure as an Independent Director w.e.f. April 1, 2024.

Details of Shareholders requests/complaints:

The Company resolves investor grievances expeditiously and to the satisfaction of investors. The Company/its Registrar & Share Transfer Agents received the following complaints from SEBI/Stock Exchanges, which were resolved within the time frame laid down by SEBI:

Particulars	Opening	Received	Resolved	Pending
Complaints:				
SEBI/Stock Exchanges[1]	0	16	16	0
Others	0	6	6	0

(1) SEBI-14 , Stock Exchange- 2

The Board has delegated the powers to approve transfer/transmissions of physical shares and to remat shares to a Share Transfer Committee comprising of three Senior Executives i.e. Mr. Sachinn Joshi (Chief Financial Officer), Mr. Raju Dodti (Chief Operating Officer) and Ms. Apurva Rathod (Company Secretary).

Ms. Apurva Rathod, Company Secretary of the Company, is the Compliance Officer/Investor Relations Officer, who deals with matters pertaining to shareholders grievances, transfer/transmissions of physical shares and remat of shares to a Share Transfer Committee comprising of three Senior Executives.

7. Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

- Monitoring market risk management systems, compliance with the asset liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
- Monitoring the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- Reviewing the effects of various possible changes in the market conditions related to the balance sheet and recommend the action needed to adhere to the Company's internal limits; and
- Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks.

Composition as on the date of the Board's Report:

Name of the Member	Designation in the Committee	Nature of Directorship
Managing Director and Chief Executive Officer	Chairman	-
Dinanath Dubhashi[1]	Member	WTD
R. Govindan[2]	Member	Representative of L&T
Chief Financial Officer	Member	-
Chief Risk Officer	Member	-
Chief Economist	Member	-
Chief Executives of respective businesses[3]	Member	-
Treasurer[3]	Member	-

(1) Continued as a Member on redesignation as the Whole-time Director.

(2) Appointed as a Member w.e.f. March 18, 2024.

(3) Appointed as a Member w.e.f. November 29, 2023.

Meeting details:

The ALCO met thirteen times during the year on April 19, 2023, May 24, 2023, June 22, 2023, July 25, 2023, August 28, 2023, September 28, 2023, October 23, 2023, November 17, 2023, November 27, 2023, December 22, 2023, January 24, 2024, February 28, 2024 and March 29, 2024.

8. Committee of Directors ("COD")

Terms of reference:

The COD of the Company was constituted to facilitate the operational decisions within the broad framework laid down by the Board such as day to day operational decisions of the Company in terms of borrowing power, additional investment in subsidiaries, etc.

Composition as on the date of the Board's Report:

Name of the Director	Designation in the Committee	Nature of Directorship
S.N. Subrahmanyan	Member	NED
Sudipta Roy[1]	Member	MD & CEO
Dinanath Dubhashi	Member	WTD
R. Shankar Raman	Member	NED

(1) Appointed as a Member on appointment as the Managing Director and Chief Executive Officer.

Meetings and Attendance:

The COD met once in the year on November 29, 2023 and all the members, of the Committee of Directors had attended the meeting.

D. Particulars of Senior Management:

The details of Senior Management Personnel ("SMP") as on March 31, 2024 and the changes during the year are as follows:

Name	Designation
Sachinn Joshi	Chief Financial Officer
Apurva Rathod	Company Secretary
Raju Dodti	Chief Operating Officer
Santosh Parab	General Counsel
Tushar Patankar(1)	Chief Risk Officer
Sanjay Garyali	Chief Executive - Urban Finance
Abhishek Sharma	Chief Executive - SME Finance
Sonia Krishnankutty	Chief Executive - Rural Business Finance
Asheesh Goel	Chief Executive Officer - Farmer Finance
Rupa Rege Nitsure(2)	Chief Economist

(1) Ceased to be a SMP w.e.f. November 17, 2023 pursuant to resignation from the services of the Company.

(2) Ceased to be a SMP w.e.f. April 1, 2024 pursuant to superannuation.

E. Directors on Boards of Material Subsidiaries

There is no material subsidiary of the Company as on March 31, 2024.

F. Other Information

Training of Directors:

All Directors of the Company are aware and are also updated as and when required, of their roles, responsibilities and liabilities.

Information to Directors:

The Directors have access to the information within the Company, which inter alia, includes items as mentioned in point no. B5 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board/ Committee meetings, when Senior Management make presentations about the performance of the Company/business to the Board and even outside the meetings.

Statutory Auditors:

Mr. Hasmukh B. Dedhia, Partner of KKC & Associates LLP, Statutory Auditors of the Company has signed the Audit Report for FY24.

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and SMP. The Code of Conduct is available on the website of the Company at *www.ltfs.com*. Please refer to the section, 'Policy Compendium' for accessing the Code of Conduct. The declaration of Managing Director and Chief Executive Officer is given below:

To the Members of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Sub: Compliance with Code of Conduct

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company as adopted by the Board of Directors.

Sudipta Roy
Managing Director and Chief Executive Officer

Date: April 27, 2024
Place: Mumbai

Vigil Mechanism Framework/ Whistle Blower Mechanism:

The Company has formulated a vigil mechanism framework for Directors, employees and service providers (agency, vendors, contractors or any outsourced partner) ("collectively known as stakeholders") to report their concerns. The objective of the framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the stakeholders can raise actual or suspected violations. The Vigil Mechanism Policy empowers all levels of employees including top management and service providers to raise voice against actual/suspected violations. The implementation of the framework is monitored through the Whistleblower Investigation Committee which meets on a quarterly basis and all cases are discussed in detail before it is presented to the AC. It addresses all concerns raised on questionable practices. The framework ensures protection to the whistleblower to avoid any sort of unfair or prejudicial employment practices. The Whistleblower Investigation Committee and management maintain the anonymity of the whistle blower at all times.

The details of establishment of such mechanism have been disclosed on the website of the Company at *www.ltfs.com*. Please refer to the section, 'Policy Compendium' for accessing the Vigil Mechanism Policy.

During FY24, a total of 38 complaints were received through the whistleblower mechanism, all of which were scrutinized and resolved in accordance with Vigil Mechanism Framework. There were no complaints with respect to any wrong doings that may have an adverse impact on the Company's image or financials of the Company.

During the year, no person has been declined access to the Audit Committee, wherever desired.

General Body Meetings:

The details of AGM of the Company for the previous three years are as under:

Year	Day and Date	Time	Venue/Mode of conducting the meeting
2020-21	Wednesday, July 28, 2021	3:00 p.m. (IST)	Through electronic mode video conferencing ("VC")/other audio-visual means ("OAVM"). The deemed venue of the AGM was the registered office of the Company.
2021-22	Monday, July 11, 2022	3:30 p.m. (IST)	Through VC/OAVM. The deemed venue of the AGM was the registered office of the Company.
2022-23	Friday, July 28, 2023	4:00 p.m. (IST)	Through VC/OAVM. The deemed venue of the AGM was the registered office of the Company.

The following special resolutions were passed by the shareholders during the past three Annual General Meetings:

Year	Day and Date	Resolution
2020-21	Wednesday, July 28, 2021	No special resolutions were passed.
2021-22	Monday, July 11, 2022	Sale of undertaking under Section 180(1)(a) of the Companies Act, 2013
2022-23	Friday, July 28, 2023	➢ Reappointment of Dr. Rajani R. Gupte (DIN: 03172965) as an Independent director of the Company; ➢ Amendment to the object clause of the Memorandum of Association of the Company; ➢ Alteration of Articles of Association of the Company.

Postal Ballot:

The Board of Directors of the Company had, at its meeting held on January 23, 2024, approved the proposal for conducting postal ballot pursuant to Section 110 of the Act for seeking approval of the Members by way of special resolutions for the below mentioned proposals:

- Appointment of Dr. R. Seetharaman (DIN: 01846777) as an Independent Director of the Company;
- Reappointment of Ms. Nishi Vasudeva (DIN:03016991) as an Independent Director of the Company;
- Revision in the overall borrowing powers of the Company;
- Creation of mortgage/charge on the assets of the Company.

The Board had appointed Mr. Alwyn D'Souza, Practising Company Secretary (Membership No.: FCS - 5559), as a Scrutinizer for conducting the postal ballot only by voting through electronic means (remote e-voting) in a fair and transparent manner. The voting period commenced from Monday, February 12, 2024 from 9:00 a.m. (IST) and closed on Tuesday, March 12, 2024 at 5.00 p.m. (IST).

The scrutinizer submitted its report dated March 12, 2024. The details of the voting pattern are given below:

Date of passing of the Resolution	Subject matter of the Resolution	Voting Pattern			
		No. of Votes cast/%	Assent	Dissent	Total
March 12, 2024	Appointment of Dr. R. Seetharaman (DIN: 01846777) as an Independent Director of the Company	Votes	1,98,23,64,802	1,56,728	1,98,25,21,530
		%	99.9921	0.0079	100
	Reappointment of Ms. Nishi Vasudeva (DIN:03016991) as an Independent Director of the Company	Votes	1,94,84,69,883	3,40,53,462	1,98,25,23,345
		%	98.2823	1.7177	100
	Revision in the overall borrowing powers of the Company	Votes	1,98,01,58,328	23,64,649	1,98,25,22,977
		%	99.8807	0.1193	100
	Creation of mortgage/charge on the assets	Votes	1,97,99,66,434	25,13,825	1,98,24,80,259
		%	99.8732	0.1268	100

Procedure for Postal Ballot: The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the rules framed thereunder and read with various circulars (the latest being circular dated September 25, 2023) issued by MCA (collectively "MCA Circulars").

Further, except the items as mentioned above, there is no special resolution which was passed through postal ballot. If a resolution is required to be passed by way of postal ballot, the Company will follow the process as per regulatory requirements.

Other Disclosures:

- During the year, there were no transactions of material nature with the Directors, management, their relatives or the subsidiaries, which had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the Financial Statements as required under Ind AS 24 and the same forms part of the Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time while preparing the Financial Statements.
- There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years. However, penalty was levied by RBI, the details are as follows:

  The statutory inspection of L&T Finance Limited, a material wholly-owned subsidiary of the Company (merged with the Company effective December 4, 2023) was conducted by RBI with reference to its financial position as on March 31, 2021 and March 31, 2022 and after examination of all the related correspondence and the Company's reply and submissions, RBI observed non-compliance with certain provisions of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly, the RBI vide its order dated October 17, 2023 had imposed a monetary penalty of ₹ 2.50 Cr on L&T Finance Limited for such non-compliance.

  Further, the said penalty was paid on November 02, 2023 and the corrective actions have already been taken and various processes and controls have been strengthened in relation to the deficiencies observed and it has no material impact on financial, operation or other activities of the Company.
- During FY24, the Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and other applicable provisions of the SEBI Listing Regulations.
- The web link with respect to the policy for determining material subsidiaries and policy on dealing with related party transactions are mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the SEBI Listing Regulations.
- As on March 31, 2024, there were no funds unutilised requiring disclosure as specified under Regulation 32(7A) of the SEBI Listing Regulations.
- M/s Alwyn Jay & Co., Practicing Company Secretary has certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of the report.

- During FY24, total consolidated fees of ₹ 1.69 Cr was paid to the Statutory Auditors (i.e., KKC & Associates LLP) for all the services rendered to the Company. No services were rendered by the Statutory Auditors to the subsidiaries of the Company.
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Sr. No.	Particulars	Details
1.	Number of complaints filed during the financial year	1
2.	Number of complaints disposed of during the financial year	1
3.	Number of complaints pending as on end of the financial year	-

There were no complaints of sexual harassment of women at workplace received by the Company during FY23.

- The Board of Directors confirm that during the year, it has accepted all mandatory recommendations received from its committees.
- For disclosure pertaining to credit rating, please refer to the Board's Report.
- The details pertaining to loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount are given in the Notes to the Financial Statements, as applicable.
- The Company does not have any material subsidiary as on March 31, 2024. Hence, the details of material subsidiaries of the listed entity are not applicable.

Means of Communication:

- Quarterly results are communicated through Newspaper Advertisements in prominent national and regional dailies like Financial Express and Navshakti and through institutional/analyst/ investors calls/meets.
- The financial results, official news releases and institutional/analyst presentations are also displayed on the website of the Company at https://www.ltfs.com/investors.
- The Report is circulated to all the Members, Debenture holders, Statutory Auditors, Secretarial Auditor, Directors and such other persons who are entitled to receive.
- Management Discussion and Analysis section forms a part of the Report and is sent to the Members of the Company.

General Shareholders Information:

Annual General Meeting	Tuesday, June 25, 2024 at 10:00 a.m. (IST) through video conferencing/other audio-visual means (deemed venue - registered office of the Company)
Financial Year	April 1, 2023 to March 31, 2024

Dividend Details:

Dividend: Final Dividend for FY24

₹ 2.50 per equity share

Record Date: June 18, 2024

Date of Recommendation: April 27, 2024

25% dividend payout

Payment Date: On or before July 25, 2024

Listing on Stock Exchanges (Equity Shares)	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001. 2. National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, Block G, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051. The Company has paid the listing fees to the stock exchanges for FY24.
Stock Code (Equity)	BSE : 533519 NSE : LTF
Listing of Preference Shares	NA
Stock Code (Preference)	NA
Listing of Non-Convertible Debentures ("NCDs")	Secured/Unsecured, Redeemable, Non-Convertible Debentures issued by the Company on private placement basis/via public issue till date are listed on National Stock Exchange of India Limited and/or BSE Limited.
Stock Code (NCDs)	As on March 31, 2024, the Company has 163 active ISINs listed on Stock Exchanges. Details of the ISINs are available on the website of the Company at or (www.ltfs.com/investors)
CIN	L67120MH2008PLC181833
Debenture Trustee	Debenture Trustees of the Company are: Catalyst Trusteeship Limited 901, 9th floor, Tower B, Peninsula Business Park, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013, Maharashtra. Tel: +91 (022) 4922 0555 Fax: +91 (022) 4922 0505 E-mail: ComplianceCTL-Mumbai@ctltrustee.com Website: www.catalysttrustee.com

	IDBI Trusteeship Services Limited Ground Floor, Universal Insurance Building, Sir Phirozshah Mehta Rd, Fort, Mumbai - 400001, Maharashtra. Tel: +91 022 4080 7000 Fax: +91 022 66311776 E-mail: itsl@idbitrustee.com Website: http://www.idbitrustee.com Beacon Trusteeship Limited 7A & B, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club Bandra (East), Mumbai-400051, Maharashtra. Tel +91 022 4606 0278 E-mail: contact@beacontrustee.co.in Website: https://beacontrustee.co.in

As on March 31, 2024, the Company has one agreement subsisting (executed on September 21, 2015) ("Agreement") with respect to subscription to the equity shares of the Company. Necessary disclosures were made and approvals were obtained in 2015 for the aforesaid Agreement. The details are as follows:

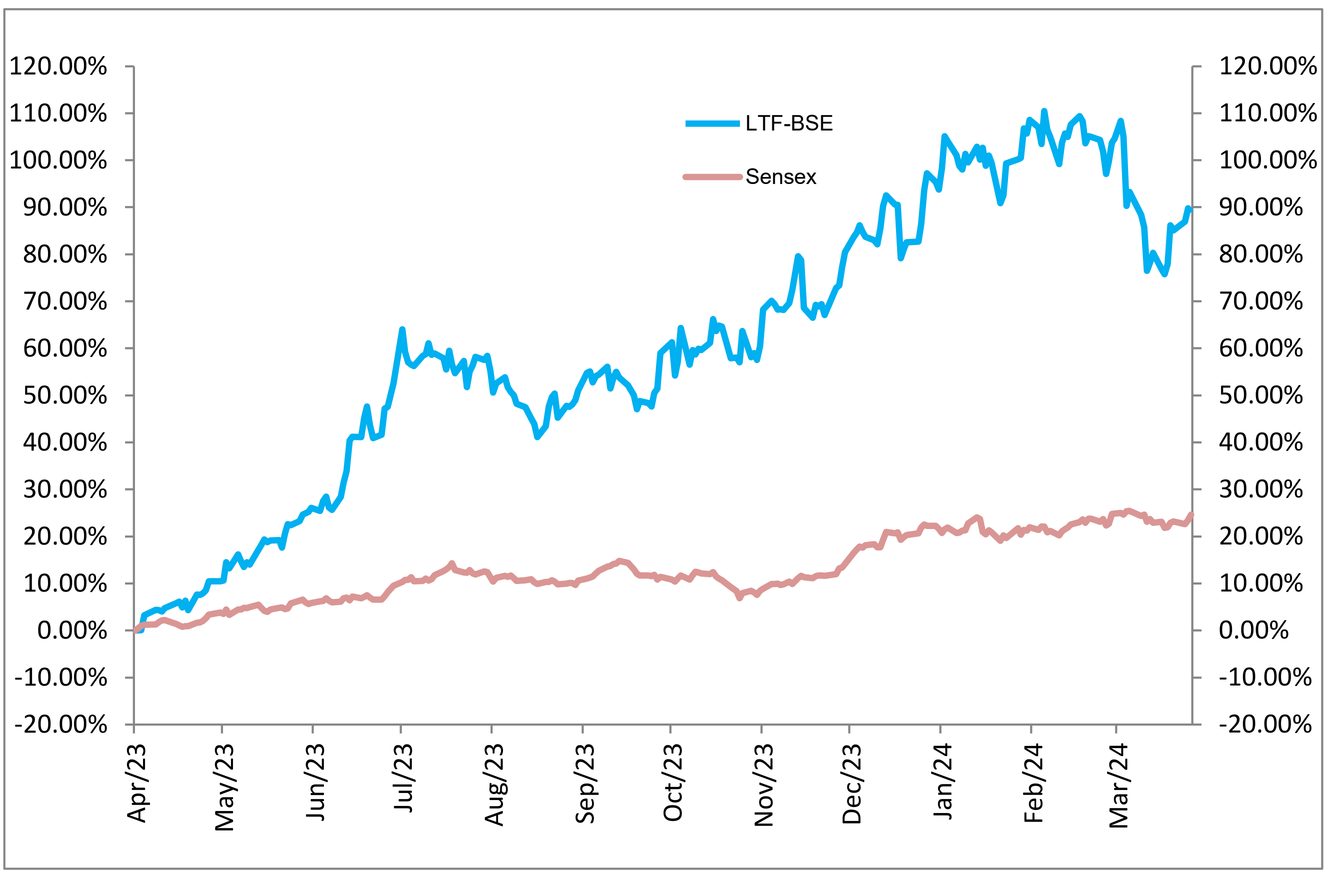
Name of the investors	BC Investments VI Limited and BC Asia Growth Investments ("collectively known as Bain Capital").
Purpose of the Agreement	Investment Agreement dated September 21, 2015 for investment in the Equity Shares of the Company.
Significant terms of the Agreement	• Allotment of 3,18,36,971 (Three Crore Eighteen Lakhs Thirty-Six Thousand Nine Hundred and Seventy-One) Equity Shares of face value of ₹ 10 each at a price of ₹ 74 per Equity Share, fully paid-up, on December 17, 2015 to BC Investments VI Limited; • Allotment of 6,38,20,990 (Six Crore Thirty-Eight Lakhs Twenty Thousand Nine Hundred and Ninety) Warrants to BC Asia Growth Investments on a preferential issue basis at a price of ₹ 74 per Warrant with each Warrant convertible into One (1) Equity Share of the face value of ₹ 10 each, on December 17, 2015 to be converted into Equity Shares within a period of 18 months. Pursuant to the conversion, 6,38,20,990 Equity Shares of the Company allotted on May 17, 2017; • Certain rights provided to Bain Capital which inter alia pertain to preferential issue of shares and Board/Committee memberships in accordance with the terms of the Agreement.
Shareholding as on March 31, 2024 in the Company	The investors (directly/indirectly) hold 3.64% of the post-issue share capital of the Company (on a fully diluted basis).
Link to the webpage	The complete details of the Agreement are available on the website of the Company at https://www.ltfs.com/investors.

AGM through electronic mode:

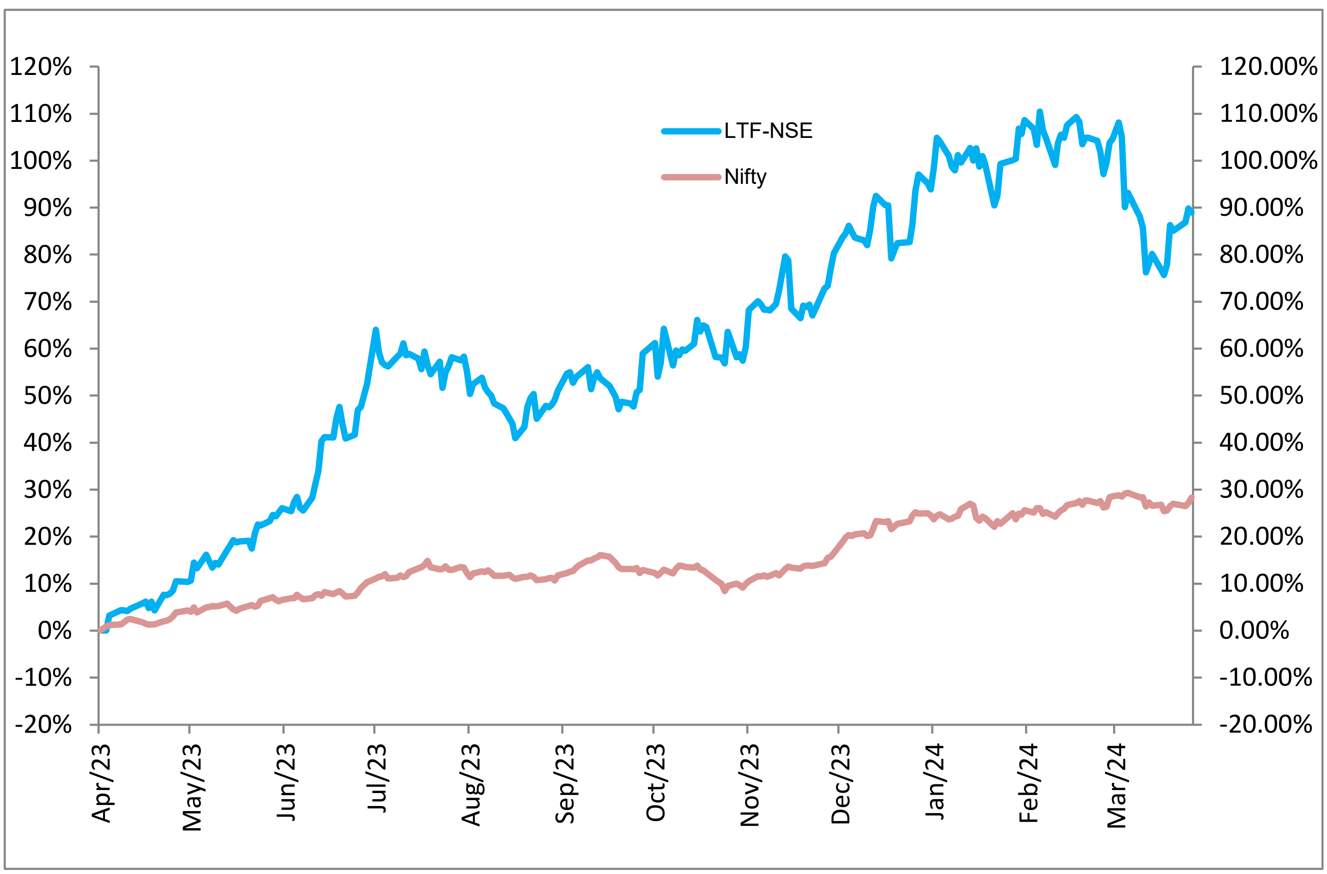
The Company will provide two-way video conferencing facility to the members for participating in the Sixteenth AGM. For more details, please refer the Notice of the Sixteenth AGM, which is placed on the Company's website at www.ltfs.com/investors. and on the website of Stock Exchanges.

Market Price Data and Performance in comparison to broad based indices:

Month	LTF BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr-2023	92.94	82.40	92.48	61209.46	58793.08	61112.44
May-2023	105.00	90.60	104.55	63036.12	61002.17	62622.24
Jun-2023	128.25	104.00	127.70	64768.58	62359.14	64718.56
Jul-2023	140.20	126.00	131.85	67619.17	64836.16	66527.67
Aug-2023	134.70	117.10	124.70	66658.12	64723.63	64831.41
Sep-2023	134.85	122.25	133.05	67927.23	64818.37	65828.41
Oct-2023	141.20	126.55	133.05	66592.16	63092.98	63874.93
Nov-2023	151.25	131.50	148.20	67069.89	63550.46	66988.44
Dec-2023	166.00	146.15	165.10	72484.34	67149.07	72240.26
Jan-2024	174.85	157.20	173.10	73427.59	70001.60	71752.11
Feb-2024	179.00	162.60	167.20	73413.93	70809.84	72500.30
Mar-2024	177.00	144.55	158.15	74245.17	71674.42	73651.35



Month	LTF NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2023	92.95	82.30	92.55	18089.15	17312.75	18065.00
May-2023	104.95	90.50	104.15	18662.45	18042.40	18534.40
Jun-2023	128.20	103.90	127.70	19201.70	18464.55	19189.05
Jul-2023	140.20	126.05	131.90	19991.85	19234.40	19753.80
Aug-2023	134.70	116.50	124.85	19795.60	19223.65	19253.80
Sep-2023	134.75	122.25	133.10	20222.45	19255.70	19638.30
Oct-2023	141.25	126.60	133.00	19849.75	18837.85	19079.60
Nov-2023	151.30	131.45	148.25	20158.70	18973.70	20133.15
Dec-2023	166.20	146.25	165.05	21801.45	20183.70	21731.40
Jan-2024	174.95	157.15	173.20	22124.15	21137.20	21725.70
Feb-2024	179.00	162.50	167.15	22297.50	21530.20	21982.80
Mar-2024	175.55	144.60	158.25	22526.60	21710.20	22326.90



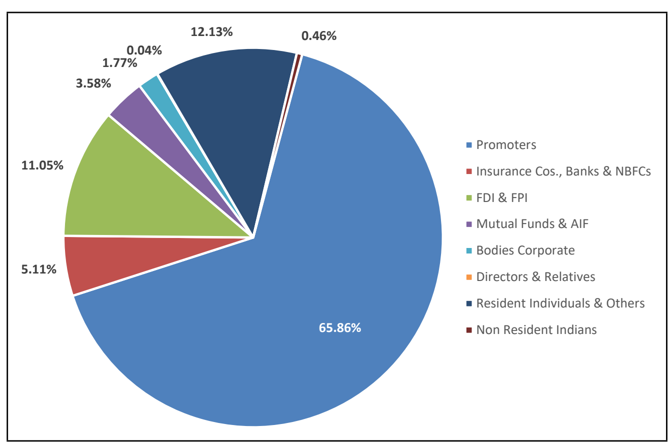
In case the securities are suspended from trading, the Board's Report shall explain the reason thereof	Not applicable
Registrar & Share Transfer Agents	**M/s Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai-400083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in; Toll Free: 810 811 6767
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee. The Company ensures that the yearly Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges. As per SEBI Listing Regulations, transmission or transposition of securities held in physical form can be effected only in dematerialised form. Therefore, Members holding shares in physical form are requested to take necessary action to dematerialise the holdings.

Distribution of Shareholding as on March 31, 2024:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	6,35,549	87.17	6,99,45,222	2.81
501-1,000	46,654	6.40	3,54,45,341	1.42
1,001-2,000	25,264	3.47	3,68,53,317	1.48
2,001-3,000	7,981	1.09	2,01,42,980	0.81
3,001-4,000	3,682	0.51	1,30,50,169	0.52
4,001-5,000	2,561	0.35	1,19,34,051	0.48
5,001-10,000	4,019	0.55	2,90,31,296	1.17
10,001 and above	3,347	0.46	2,27,25,37,934	91.31
Total	**7,29,057**	**100.00**	**2,48,89,40,310**	**100.00**

Categories of the shareholders as on March 31, 2024:

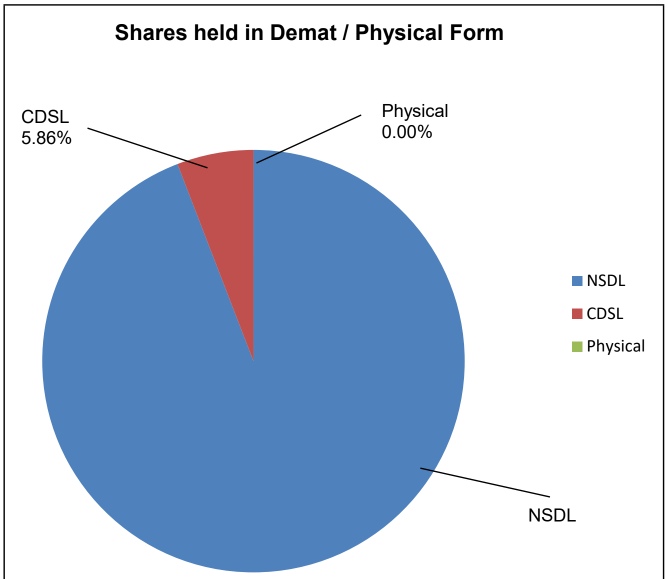
Category	No. of Shares	%
Promoters	1,63,92,30,125	65.86
Insurance Companies, Banks & NBFCs	12,72,95,440	5.11
Foreign Direct Investment & Foreign Portfolio Investors	27,49,19,961	11.05
Mutual Funds & Alternate Investment Funds	8,91,66,237	3.58
Bodies Corporate	4,39,63,735	1.77
Directors & Relatives	10,50,625	0.04
Resident Individuals & Others	30,18,84,613	12.13
Non-Resident Indians	1,14,29,574	0.46
Total	**2,48,89,40,310**	**100.00**



Dematerialisation of Shares:

The Company's shares are required to be compulsorily traded on the Stock Exchanges in dematerialised form. The number of shares held in dematerialised and physical form are as under:

Particulars	No. of Shares	%
National Securities Depository Limited ("NSDL")	2,34,31,29,439	94.14
Central Depository Services (India) Limited ("CDSL")	14,57,93,541	5.86
Physical	17,330	0.00
TOTAL	**2,48,89,40,310**	**100.00**



Dematerialisation of shares and liquidity	As on March 31, 2024, almost the entire equity capital was held in the dematerialised form with NSDL and CDSL. Only 17,330 shares were held in physical form.
Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments as on March 31, 2024.
Commodity price risk or foreign exchange risk and hedging activities	Commodity price risk: Not applicable During the year, the Company has hedged its foreign currency risk related to external commercial borrowings by entering into forward contracts.
Plant Locations	The Company does not have any plant location being a Non-Banking Financial Company. As on March 31, 2024, the Company had 1,965 branches.
Address for correspondence	**M/s. Link Intime India Private Limited** C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India. Tel: +91 22 4918 6000 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll Free: 810 811 6767
Name and Address of the Compliance Officer	**Ms. Apurva Rathod,** Company Secretary and Compliance Officer L&T Finance Limited (formerly known as L&T Finance Holdings Limited) Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6212 5553 E-mail: igrc@ltfs.com

Unclaimed shares lying in the Suspense Account:

In terms of Regulation 34 and Schedule V of the SEBI Listing Regulations, the following are the details in respect of Equity Shares lying in the suspense account which were issued in dematerialised form:

Sr. No.	Particulars	No. of shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year, i.e., April 1, 2023.	123	12,978
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during FY24.	117	12289
(iii)	Number of shareholders to whom shares were transferred from suspense account during FY24.	117	12289

Sr. No.	Particulars	No. of shareholders	No. of Equity Shares Outstanding
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e., March 31, 2024[(1)].	6	689

(1) The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares

Transfer of amounts/shares to Investor Education and Protection Fund ("IEPF"):

Pursuant to the provisions of Sections 124 and 125 of the Act read with the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, dividend/interest/refund of applications which remains unclaimed/unpaid for a period of 7 years is required to be transferred to IEPF. Further, the IEPF Rules mandate the companies to transfer all shares on which dividend remains unclaimed/unpaid for a period of 7 consecutive years to the demat account of the IEPF Authority.

During the year under review, the Company has transferred to IEPF a sum of ₹ 17,55,059 being the amount towards unpaid/unclaimed dividend on the Equity Shares of the Company. The unclaimed/unpaid dividend amount transferred is out of the dividend declared in FY17.

Further, 71,582 shares in respect of which the dividend was unpaid/unclaimed for a period of 7 consecutive years was also transferred to IEPF on October 20, 2023.

In FY25, the amount which is unpaid/unclaimed for a period exceeding 7 years is due to be transferred to IEPF by October 4, 2024. Subsequently, the shares in respect of which dividend is unpaid/unclaimed for a period of 7 consecutive years will also be transferred to IEPF. The details of unpaid and unclaimed amounts lying with the Company as on July 28, 2023 (date of last AGM) are available on the website of the Company at https://www.ltfs.com/investors (click-Details of Unpaid and Unclaimed Dividend) and Ministry of Corporate Affairs at https://www.iepf.gov.in. The Company requests the Members to claim the unclaimed dividend within the prescribed period. The Members can contact Link Intime India Private Limited, the Registrar & Share Transfer Agents of the Company for claiming the unclaimed amount standing to the credit in their account. The Members/claimants whose shares or unclaimed dividends get transferred to IEPF may claim the shares or apply for refund from the IEPF Authority by following the refund procedure as detailed on the website of IEPF Authority at *https://www.iepf.gov.in/IEPF/refund.html*.

Securities Dealing Code:

The Company has framed the Securities Dealing Code in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information.

Under this Code, Designated Persons are prohibited from dealing in the shares of the Company during the closure of Trading Window. They are required to obtain compliance approval when trading in securities beyond a specified limit. They are prohibited from executing a contra trade for a period of six months and from taking positions in the derivatives segment. They are also required to make relevant periodic disclosures as defined in the Code.

Ms. Kavita Shetty is the Chief Compliance Officer for monitoring compliance with this Code. Ms. Apurva Rathod, Company Secretary has been designated as the Chief Investor Relations Officer under the Code to deal with dissemination of information and disclosure of unpublished price sensitive information.

Secretarial Audit:

The Board of Directors of the Company at its meeting held on April 28, 2023 had appointed M/s Alwyn Jay & Co., Practicing Company Secretary as the Secretarial Auditor of the Company for FY24.

As stipulated by SEBI, a Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form as at March 31, 2024.

L&T Finance

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

[Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To the Board of Directors of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Dear Sirs/Madams,

We have reviewed the consolidated financial statements read with the cash flow statement of **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) for the year ended March 31, 2024 and that to the best of our knowledge and belief, we state that;

a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

(i) that there were no significant changes in internal control over financial reporting during the period;

(ii) that there were no significant changes in accounting policies made during the period; and

(iii) that there were no instances of significant fraud of which we have become aware of.

Yours sincerely,

Sudipta Roy
Managing Director
and Chief Executive Officer
DIN: 08069653

Sachinn Joshi
Chief Financial Officer

Place: Mumbai
Date: April 27, 2024

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) read with sub-clause (10)(i) of Clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)
Brindavan, Plot No. 177, C.S.T Road,
Kalina, Santacruz (East), Mumbai - 400098 IN

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **L&T Finance Limited** (Formerly known as L&T Finance Holdings Limited) having **CIN L67120MH2008PLC181833** and having registered office at Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098 IN (hereinafter referred to as **'the Company'**), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Sub-clause 10(i) of Clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2024** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Designation	Date of appointment/ re-appointment
1.	Sekharipuram Subrahmanyan Narayanan	02255382	Director	28/02/2022
2.	Sudipta Roy	08069653	Managing Director and Chief Executive Officer	24/01/2024
3.	Dinanath Mohandas Dubhashi^	03545900	Whole-time Director	14/04/2021
4.	Ramamurthi Shankar Raman	00019798	Non-Executive Director	01/05/2008
5.	Shailesh Vishnubhai Haribhakti*	00007347	Independent Director	01/04/2019
6.	Pradeep Vasudeo Bhide*	03304262	Independent Director	01/04/2019
7.	Thomas Mathew Thumpeparambil	00130282	Independent Director	01/07/2020
8.	Rajani Rajiv Gupte	03172965	Independent Director	28/06/2018
9.	Rahavan Seetharaman	01846777	Independent Director	23/01/2024
10.	Nishi Vasudeva	03016991	Independent Director	15/03/2024
11.	Pavninder Singh	03048302	Nominee Director	15/06/2017

^ Mr. Dinanath Dubhashi was re-designated as the Whole-time Director of the Company effective from January 24, 2024 and necessary approval of the Members has been obtained vide resolution passed by Postal Ballot on March 12, 2024.

*Consequent to completion of second term of 5 consecutive years as an Independent Director of the Company on March 31, 2024, Mr. Shailesh Haribhakti and Mr. P. V. Bhide ceased to be Director of the Company w.e.f. April 01, 2024.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of
L&T Finance Limited,
(formerly known as L&T Finance Holdings Limited)

1. We have examined the compliances of the conditions of Corporate Governance by **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) ("the Company") for the financial year ended March 31, 2024, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015 ('SEBI Listing Regulations').
2. The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended **March 31, 2024**.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Mumbai
Date : April 19, 2024

ALWYN JAY & Co.
Company Secretaries

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

Jay D'Souza FCS.3058
(Partner)
Certificate of Practice No.6915
UDIN : F003058F000183447

Independent Auditors' Report

To
The Members of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Report on the audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of L&T Finance Limited (formerly known as L&T Finance Holdings Limited) ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2024, and the Standalone Statement of Profit And Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of material accounting policy information and other explanatory information ('the Standalone Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the State of Affairs of the Company as at 31 March 2024, and its Profit and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Allowance for Expected Credit Loss on Retail Loan Assets : (Refer to the Accounting Policies Note 1.8 Impairment, Note 1.10 Presentation of allowance for ECL in the Balance Sheet, Note 06 to the standalone financial statements)	
As at March 31, 2024, Retail loan assets aggregated ₹ 76,497.78 crores (net of expected credit losses of ₹ 3,537.75 Crores), constituting 94.02% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loans carried at amortised cost is a critical estimate involving greater level of management judgement.	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: ➢ Reviewed the Board Approved Policy and procedures & associates design/controls and expected credit loss memo concerning the assessment of credit and other risks.

Key Audit Matter	How the matter was addressed in our audit
As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the standalone financial statements. The significant assumptions that we focused on in our audit included those with greater levels of management judgement and for which variations had the most significant impact on ECL. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: Each borrower is classified into Stage 1, 2, 3 based on the objective criteria of Day Past Due (DPD) status as of the reporting date and other loss indicators, as applicable. Such classification by borrower is done across all facilities provided to the borrower, i.e. maximum of the DPDs from among the different facilities ["Max DPD"] provided to that borrower. Inherently, significant judgment is involved in the use of models to estimate ECL which includes determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default ("LGD"). The PD and the LGD are the key drivers of estimation complexity and as a result are considered the most significant judgments in the Company's modelling approach. The modelling methodologies used to estimate ECL are developed using historical experience. The impact of the prevailing macroeconomic conditions has also resulted in certain limitations in the reliability of these methodologies to forecast the extent and timing of future customer defaults or potential credit risks and therefore in estimates of ECL. In addition, modelling methodologies do not necessarily incorporate all factors that are relevant to estimating ECL, such as differentiating the impact on industry sectors and economic conditions. These limitations are attempted to be addressed with management overlay, the measurement of which is inherently judgemental and subject to a high level of estimation uncertainty.	➢ Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. ➢ Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information. ➢ Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ("SICR") in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. ➢ Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights and computation of probability of default and loss given default percentages. ➢ Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD) ➢ Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. ➢ Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied as detailed below: • verified the completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors. • checked the appropriateness of information used in the estimation of the Probability of Default ("PD") and Loss given Default ("LGD") for the different stages depending on the nature of the

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>portfolio reconciled the total retail considered for ECL assessment with the books of accounts to ensure the completeness.
• Performed test of details over model calculations testing through re-performance, where possible.
• tested appropriateness of staging of borrowers based on DPD and other loss indicators.
• tested the factual accuracy of information such as period of default and other related information used in estimating the PD.
• evaluated the reasonableness of applicable assumptions included in LGD computation.
• evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model.
➢ Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Financial Statements are appropriate and sufficient.
➢ Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Standalone Financial Statements.
➢ Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</td></tr>
<tr><td>Information Technology (“IT”) Systems and Controls</td><td></td></tr>
<tr><td>The Company has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Company. Since large volume of transactions are processed daily, IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified ‘IT systems and controls’ as a key audit matter because of the high-level of automation, significant number</td><td>Our Audit procedures included the following, but not limited to: Involved IT specialists as part of the audit for the purpose of testing the IT general controls and application controls (automated and semi-automated controls) to determine the accuracy of the information produced by the Company’s IT systems. With respect to the “In-scope IT systems” identified as relevant to the audit of the financial statements and financial reporting process of the Company, we have evaluated and tested relevant IT general controls. On such “In-scope IT systems” we have performed the following procedures: Obtained an understanding of IT applications landscape implemented by the Company, including an understanding of the process, mapping of applications and understanding financial risks posed by people, process and technology.</td></tr>
</table>

Key Audit Matter	How the matter was addressed in our audit
of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Tested design and operating effectiveness of key controls over user access management (including user access provisioning, de-provisioning, user access review, password configuration review and privilege access), change management (including compliance of change release in production environment to the defined procedures), program development (including review of data migration activity), computer operations (including testing of key controls pertaining to, backup, batch processing, incident management and data centre security. Also tested entity level controls pertaining to IT policy and procedure and business continuity plan assessment. Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over the financial reporting system.

Other information

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

8. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the State of Affairs, profit and Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

13.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.

13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

13.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

13.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes

public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

17. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

18. As required by Section 143(3) of the Act, we report that:

18.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

18.2. 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.

18.3. The standalone balance sheet, the standalone statement of profit and loss including Other Comprehensive Income, the Statement of Changes in Equity and the Standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.

18.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.

18.5. On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

18.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.

18.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

19. 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:

19.1. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its Standalone Financial Statements – Refer Note 38 to the Standalone Financial Statements;

19.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

19.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

19.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

19.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

19.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 19.4. and 19.5. contain any material misstatement.

19.7. In our opinion and according to the information and explanations given to us, the dividend paid during the year by the Company is in compliance with Section 123 of the Act.

19.8. As stated in Note 19 to the Standalone Financial Statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

19.9. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules,2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCRAS6818

Place: Mumbai
Date: 27 April 2024

Annexure 'A' to the Independent Auditors' Report

Annexure 'A' to the Independent Auditor's Report on the Standalone Financial Statements of L&T Finance Limited (formerly L&T Finance Holdings Limited) for the year ended 31 March 2024

(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').

The Company is maintaining proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company except for the following which are not held in the name of the Company.

Description of property	Gross carrying value (₹ in crores)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
Building at Baroda	0.38	Erstwhile L&T Finance Limited	No	25 Years	The title deeds are in the name of erstwhile entity, which was merged with the Company in terms of the approval of the Hon'ble High Courts of Judicature

(d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) The Company does not have any inventory, hence physical verification of inventory and reporting under paragraph 2(ii)(a) of the Order is not applicable.

(b) In our opinion and according to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of rupees five crore, in aggregate, at various point of time during the year, from banks or financial institutions which are secured on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are broadly in agreement with the books of account of the Company.

iii. (a) Since the Company's principal business is to give loans, the provisions of clause 3(iii)(a) of the Order are not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the Company's interest.

(c)&(d) The Company, being a NBFC, registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its customers as stipulated. In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and in cases where repayment of principal and payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting. Refer notes 6 and 49 to the Standalone Financial Statements for summarised details of such loans/advances which are not repaid by borrowers as per stipulations as also details of reasonable steps taken by the Company for recovery thereof.

(e) Since the Company's principal business is to give loans, the provisions stated in clause 3(iii)(e) of the Order are not applicable to the Company.

(f) Based on our audit procedures and the information and explanations made available to us, the Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties as defined in section 2(76) of the Act which are either repayable on demand or without specifying any terms or period of repayment.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments, or provided guarantees in contravention of provisions of section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; as informed, the other provisions of section 186 of the Act are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. The Company is not required to maintain cost records under Section 148(1) of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and hence reporting under paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) In our opinion and according to the information and explanations given to us, we confirm that the following dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, have not been deposited to/with the appropriate authority on account of any dispute.

Name of the Statute & Forum where Dispute is pending	Nature of the Dues	Period to which the amount relates	Amount (₹ in Crore)	Sum of Amount (net after payment under protest) (₹ In Crore)	Remarks, if any
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2013-14	39.86	39.86	-
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2014-15	70.01	70.01	-
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2015-16	105.02	105.02	-
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2016-17	143.68	133.68	-
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2017-18	36.02	36.02	-
Service Tax-CESTAT	Additional Interest / Penal Interest / Default Interest under Declared Services	2013-14 to 2016-17	0.00*	0.00*	-
VAT CST-DC (Appeals)	Demand of Tax on Repossessed Assets	2014-15	13.32	13.32	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	1998-99	0.01	0.01	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	2000-01	0.00*	0.00*	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	2012-13	0.04	0.04	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	1995-96	0.00*	0.00*	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	1996-97	0.05	0.04	-
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	2000-01	0.00*	0.00*	-

Name of the Statute & Forum where Dispute is pending	Nature of the Dues	Period to which the amount relates	Amount (₹ in Crore)	Sum of Amount (net after payment under protest) (₹ In Crore)	Remarks, if any
VAT CST-D.C.(Appeal)	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	2002-03	0.00*	0.00*	-
VAT CST-Tribunal	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	2004-05	1.11	1.04	-
VAT CST-Kerala High Court	Local hire purchase turnover made taxable	1999-00	0.07	0.07	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2007-10	0.00*	0.00*	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2007-08	0.24	0.24	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2008-09	3.54	3.09	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2009-10	16.65	16.14	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2010-11	5.03	5.03	-
Service Tax-CESTAT	Refusal of input tax credit (ITC)	2008-11	0.00*	0.00*	-
VAT CST- JC (Appeal)	Refusal of input tax credit (ITC)	2013-14	0.09	0.09	-
VAT CST- JC (Appeal)	Refusal of input tax credit (ITC)	2014-15	0.06	0.06	-
VAT CST- JC (Appeal)	Refusal of input tax credit (ITC)	2012-13	0.04	0.04	-
VAT CST- JC (Appeal)	Refusal of input tax credit (ITC)	2012-13	0.02	0.02	-
GST- GST Appellate Authority	Towards Input Credit Short Reversal & Deemed Supply	2019-20	1.94	1.81	-
GST- GST Appellate Authority	Towards Input Credit Short Reversal & Deemed Supply	2018-19	2.20	2.07	-
GST (Trans1)- GST appellate Authority	Trans1 Credit Disallowed	2017-18	0.39	0.37	-
GST- GST Appellate Authority	Towards Short Payment of Output Tax Liability	2017-18	0.02	0.02	-

Name of the Statute & Forum where Dispute is pending	Nature of the Dues	Period to which the amount relates	Amount (₹ in Crore)	Sum of Amount (net after payment under protest) (₹ In Crore)	Remarks, if any
GST- GST appellate Authority	Towards unmatched & Ineligible Input Credit Demand	2017-18	6.87	6.58	-
GST- GST Appellate Authority	Towards Short Payment of Output Tax Liability	2017-18	0.00*	0.00*	-
GST- GST Appellate Authority	ITC claimed from cancelled dealers/return defaulters & tax non payers.	2017-18	0.08	0.08	-
GST- GST Appellate Authority	Towards Audit Observations	2018-19	0.91	0.91	-
Service Tax - The Commissioner	Service Tax levied on upfront fees collected	2006-07	0.26	0.24	-
Service Tax - The Commissioner	Service Tax levied on upfront fees collected	2007-08	3.68	3.35	-
Service Tax - The Commissioner	Service Tax levied on upfront fees collected	2008-09	0.85	0.78	-
Income Tax- CIT(A)	1) Reassessment proceeding is bad in law based on change of opinion 2) Disallowance of hedging loss (actual in nature) 3) Disallowance of mark to market loss (actual in nature)	2007-08	0.71	0.71	-
Income Tax- CIT(A)	1) Disallowance of expenses pertaining to earning exempt income 2) Disallowance of ESOP Reimbursement expenses.	2012-13	7.95	7.95	-
Income Tax-CIT (Appeals)-NFAC	1) Disallowance of ESOP expense 2) Disallowance of interest expense	2021-22	2.41	2.41	-

0.00* represents less than ₹ 1 lakh.

viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

ix. (a) In our opinion, the Company has not defaulted in repayment of loans or other borrowings to financial institutions, banks, and dues to debenture holders or in the payment of interest thereon to any lender. The Company does not have any borrowings from the Government.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) In our opinion and according to the information and explanations given to us, the Company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained, other than temporary parking of funds for few days pending utilizations towards purpose for which the same are obtained.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company and further considering the Asset Liability management mechanism of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company does not have any associates or any joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company does not have any associates or any joint ventures.

x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.

(b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.

xi. (a) 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, no material fraud by the Company or on the Company has been noticed or reported during the course of our audit, other than the instances of fraud noticed and reported by the management to the regulator. Refer Note No. 39 to the Financial Statements.

(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) According to the information and explanations given to us and on our review of the whistleblower complaints received during the year by the Company, no case noticed having significant impact.

xii. (a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company received by us till date, for the period under audit.

xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company, erstwhile being a Core Investment Company ('CIC') post the amalgamation has ceased to be considered as CIC. Based on in-principal approval received from RBI, the Company is considered as Non-Banking Finance Company – Investment and Credit Company ('NBFC -ICC') for which the certificate is under the process of being obtained.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a CIC as defined in the regulations made by Reserve Bank of India.

(d) As per the information provided in course of our audit, the Group to which the Company belongs, does not have any CIC.

xvii. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable / paragraph 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) In respect of other than ongoing projects, since there is no amount which is remaining unspent and accordingly, reporting under paragraph 3(xx)(a) is not applicable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, since there is no amount which is remaining unspent reporting under paragraph 3(xx)(b) is not applicable.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Sd/-

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCRAS6818

Place: Mumbai
Date: 27 April 2024

Annexure 'B' to the Independent Auditors' Report

Annexure 'B' to the Independent Auditors' report on the Standalone Financial Statements of L&T Finance Limited (formerly known as L&T Finance Holdings Limited) for the year ended 31 March 2024

(Referred to in paragraph '18.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of L&T Finance Limited (formerly known as L&T Finance Holdings Limited) ('the Company') as at 31 March 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal controls 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 ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA '), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, 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 Standalone Financial Statements, whether due to fraud or error.

6. 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 with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

7. A company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Standalone Financial Statements include 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 Standalone 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 Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, 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 with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCRAS6818

Place: Mumbai
Date: 27 April 2024

Standalone Balance Sheet as at March 31, 2024

(₹ in crore)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023 (Refer note 55)
A. ASSETS:			
1. Financial assets			
(a) Cash and cash equivalents	2	3,561.44	9,105.71
(b) Bank balance other than (a) above	3	1,082.67	3,640.23
(c) Derivative financial instruments	4	185.54	174.45
(d) Receivables	5		
(i) Trade receivables		247.27	2.34
(ii) Other receivables		5.68	136.91
(e) Loans	6	81,359.39	75,154.55
(f) Investments	7	12,374.78	14,401.81
(g) Other financial assets	8	634.55	86.02
		99,451.32	**1,02,702.02**
2. Non–financial assets			
(a) Current tax assets (net)		289.52	674.70
(b) Deferred tax assets (net)		1,842.48	1,841.32
(c) Property, plant and equipment	9	55.92	44.96
(d) Intangible assets under development	10	35.62	4.81
(e) Other Intangible assets	10	96.13	115.37
(f) Right of use assets	35	55.64	56.13
(g) Other non–financial assets	11	524.20	587.78
		2,899.51	**3,325.07**
Total Assets		**1,02,350.83**	**1,06,027.09**
B. LIABILITIES AND EQUITY :			
1. LIABILITIES			
a. Financial liabilities			
(a) Payables	12		
(i) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,219.81	804.00
(ii) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		–	–
(b) Debt securities	13	29,569.45	36,105.38
(c) Borrowings (other than debt securities)	14	44,430.47	44,139.59
(d) Subordinated liabilities	15	2,540.95	2,798.48
(e) Lease liabilities	35	62.58	61.45
(f) Other financial liabilities	16	1,051.77	542.33
		78,875.03	**84,451.23**
b. Non–financial liabilities			
(a) Current tax liabilities (net)		174.48	176.20
(b) Provisions	17	34.50	32.45
(c) Other non–financial liabilities	18	71.86	48.37
		280.84	**257.02**
2. Equity			
(a) Equity share capital	19	2,488.94	2,479.67
(b) Other equity	20	20,706.02	18,839.17
		23,194.96	**21,318.84**
Total Liabilities and Equity		**1,02,350.83**	**1,06,027.09**
Material accounting policies	1		
See accompanying notes forming part of the standalone financial statements	2 to 58		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly Known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director & Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Place : Mumbai
Date : April 27, 2024

Standalone Statement of Profit and Loss for the year ended March 31, 2024

(₹ in crore)

	Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023 (Refer note 55)
	Revenue from operations			
(i)	Interest income	21	12,912.79	12,570.96
(ii)	Dividend income	22	–	191.49
(iii)	Rental income	23	–	0.22
(iv)	Fees and commission income	24	661.64	135.53
I	**Total revenue from operations**		**13,574.43**	**12,898.20**
II	Other income	25	469.37	527.25
III	**Total income (I + II)**		**14,043.80**	**13,425.45**
	Expenses			
(i)	Finance costs	26	5,377.17	5,797.24
(ii)	Net loss on fair value changes	27	365.03	494.66
(iii)	Net loss on derecognition of financial instruments under amortised cost category	28	457.71	359.69
(iv)	Impairment on financial instruments	29	1,318.40	1,563.18
(v)	Employee benefits expenses	30	1,804.17	1,403.22
(vi)	Depreciation, amortisation and impairment	31	108.70	106.09
(vii)	Other expenses	32	1,625.98	1,348.54
IV	**Total expenses**		**11,057.16**	**11,072.62**
V	**Profit before exceptional items and tax (III – IV)**		**2,986.64**	**2,352.83**
VI	**Exceptional items**	47	–	(170.92)
VII	**Profit before tax (V – VI)**		**2,986.64**	**2,523.75**
VIII	**Tax expense**			
	(1) Current tax	50	704.56	1,059.67
	(2) Deferred tax	50	(4.15)	(455.79)
	Total tax expense		**700.41**	**603.88**
IX	**Profit for the year**		**2,286.23**	**1,919.87**
X	**Other comprehensive income**			
A.	(i) Items that will not be reclassified to profit or loss			
	a) Remeasurements of the defined benefit plans		4.69	(1.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(1.18)	0.32
	Subtotal (A)		**3.51**	**(0.93)**
B.	(i) Items that will be reclassified to profit or loss			
	a) Change in fair value of debt instruments measured at fair value through other comprehensive income		8.94	(17.15)
	b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(8.33)	83.49
	(ii) Income tax relating to items that will be reclassified to profit or loss		2.10	(20.93)
	Subtotal (B)		**2.71**	**45.41**
	Total other comprehensive income (A+B)		**6.22**	**44.48**
XI	**Total comprehensive income for the year (IX+X)**		**2,292.45**	**1,964.35**
XII	**Earnings per equity share:**	37		
	Basic earnings per equity share (₹)		9.20	7.75
	Diluted earnings per equity share (₹)		9.17	7.73
	Material accounting policies	**1**		
	See accompanying notes forming part of the standalone financial statements	**2 to 58**		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly Known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director & Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Place : Mumbai
Date : April 27, 2024

Standalone Statement of Cash Flows for the year ended March 31, 2024

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Refer note 55)
A. Cash flows from operating activities :		
Profit before tax	2,986.64	2,523.75
Adjustments for:		
Net loss/(profit) on sale of property, plant and equipment	0.63	(2.97)
Net loss on fair value changes	365.03	494.66
Net loss on derecognition of financial instruments under amortised cost category	457.71	359.69
Impairment on financial instruments	1,318.40	1,563.18
Exceptional items	–	(170.92)
Depreciation, amortisation and impairment	108.70	106.09
Share based payment to employees	38.01	26.66
Operating profit before working capital changes	**5,275.12**	**4,900.14**
Changes in working capital		
Adjustments for increase/(decrease) in operating liabilities		
Other financial liabilities	569.68	(412.78)
Lease liabilities	(12.17)	(11.91)
Provisions	6.74	2.78
Trade and other payables	415.81	356.52
Other non–financial liabilities	23.49	18.08
Adjustments for (increase)/decrease in operating assets		
Other non–financial assets	12.82	23.97
Other financial assets	(528.55)	18.17
Trade and other receivables	(119.71)	(111.89)
Change in other bank balance	2,557.56	(586.12)
Cash generated from operations	**8,200.79**	**4,196.97**
Direct taxes paid (net of refund)	(317.21)	(1,086.71)
Loans (disbursed)/repayment (net)	(7,246.14)	3,250.18
Net cash generated from operating activities (A)	**637.44**	**6,360.44**
B. Cash flows from investing activities :		
Purchase of property, plant and equipment	(37.77)	(36.48)
Proceeds from sale of property, plant and equipment	0.58	3.56
Proceed from sale of investment in subsidiary	–	3,725.65
Purchase of intangible assets	(81.86)	(64.67)
Investment in subsidiaries	–	(144.00)
Purchase of investments	(4,492.67)	(8,802.61)
Proceeds on sale of investments[3]	5,470.51	4,813.11
Net cash generated from/ (used in) from investing activities (B)	**858.79**	**(505.44)**

Standalone Statement of Cash Flows for the year ended March 31, 2024

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Refer note 55)
C. Cash flows from financing activities		
Proceeds from issue of share capital including security premium on account of employee stock options	42.51	10.29
Redemption of preference shares	–	(353.90)
Dividend paid	(496.61)	(123.75)
Proceeds from borrowings[4]	17,776.73	22,956.37
Repayment of borrowings[4]	(24,363.13)	(24,148.28)
Net cash used in financing activities (C)	**(7,040.50)**	**(1,659.27)**
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(5,544.27)**	**4,195.73**
Cash and cash equivalents at beginning of the year	9,105.71	4,909.98
Cash and cash equivalents at the end of the year	3,561.44	9,105.71
Net (decrease)/ increase in cash and cash equivalents	**(5,544.27)**	**4,195.73**

Notes:

1. Statement of standalone cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015, as amended.
2. Purchase of Property, Plant and Equipment (PPE), represents additions to PPE and intangible assets adjusted for movement of (a) capital-work-in-progress for PPE and (b) intangible assets under development during the year.
3. Sale of investments is after adjustments of proceeds from sale / redemption of mutual fund.
4. Includes proceeds and repayment of debt securities, borrowings (other than debt securities) and subordinate liabilities.
5. Net cash generated from operating activity is determined after adjusting the following: (₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Refer note 55)
Interest received	13,067.53	12,568.22
Dividend received	–	191.49
Interest paid	5,225.35	6,233.39

6. The above standalone statement of cash flows includes ₹ 20.66 crore (previous period: ₹ 15.99 crore) towards corporate social responsibility (refer note 36).

Material accounting policies
See accompanying notes forming part of the financial statements

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly Known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director & Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Place : Mumbai
Date : April 27, 2024

Standalone Statement of Changes in Equity for the year ended March 31, 2024

A. Equity share capital

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	Equity share capital (₹ in crore)	No. of Shares	Equity share capital (₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding as at the beginning of the year	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04
Changes in equity share capital due to prior period errors	–	–	–	–
Restated balance at the beginning of the current reporting year	**2,47,96,71,117**	**2,479.67**	**2,47,40,35,488**	**2,474.04**
Changes in equity share capital during the year	92,69,193	9.27	56,35,629	5.63
Issued, subscribed and fully paid up equity shares outstanding as at the end of the year	**2,49,45,75,939**	**2,494.56**	**2,47,96,71,117**	**2,479.67**

B. Other equity

(₹ in crore)

Particulars (Refer note 55)	Reserves and Surplus												Fair value changes of debt instruments measured at fair value through other comprehensive income	Cash flow hedging reserve	Total
	Capital redemption reserve	Debenture redemption reserve	Securities premium	Capital reserve	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve u/s 29C of National Housing Bank Act, 1987	Reserve u/s 36(1)(viii) of Income tax Act, 1961	Amalgamation adjustment account	Employee stock option outstanding account	Impairment Reserve	Retained earnings			
Balance as at April 1, 2022	36.30	5.15	20,675.15	587.22	353.76	2,166.11	27.42	962.28	(463.30)	182.70	28.36	934.00	8.95	(60.12)	25,443.98
Changes in Accounting policy/ prior period errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year	**36.30**	**5.15**	**20,675.15**	**587.22**	**353.76**	**2,166.11**	**27.42**	**962.28**	**(463.30)**	**182.70**	**28.36**	**934.00**	**8.95**	**(60.12)**	**25,443.98**
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	1,919.87	–	–	**1,919.87**
Actuarial gain/(loss) on defined benefit plan (gratuity) (net of tax)	–	–	–	–	–	–	–	–	–	–	–	(0.93)	–	–	**(0.93)**
Other Comprehensive income for the year (net of tax)	–	–	–	–	–	–	–	–	–	–	–	–	(16.48)	61.89	45.41
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,918.94**	**(16.48)**	**61.89**	**1,964.35**
Issue of equity shares	–	–	50.45	–	–	–	–	–	–	–	–	–	–	–	50.45
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	–	–	–	–	–	514.34	–	–	–	–	4.03	(518.37)	–	–	–
Transfer to capital redemption reserve	35.75	–	–	–	–	–	–	–	–	–	–	(35.75)	–	–	–
Transfer to general reserve	–	(4.01)	–	–	25.54	–	–	–	–	(21.53)	–	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	–	–	–	(123.75)	–	–	(123.75)
Transfer to reserve u/s 36(1)(viii) of Income tax Act	–	–	–	–		–	–	69.00	–	–	–	(69.00)	–	–	–
Employee share options (net)	–	–	–	–	–	–	–	–	–	(20.14)	–	–	–	–	(20.14)
Impact on account of common control business combination (refer note 55)	–	–	(8,352.02)	(587.22)	–	–	–	–	463.30	–	–	0.22	–	–	(8,475.72)
Balance as at March 31, 2023	**72.05**	**1.14**	**12,373.58**	**–**	**379.30**	**2,680.45**	**27.42**	**1,031.28**	**–**	**141.03**	**32.39**	**2,106.29**	**(7.53)**	**1.77**	**18,839.17**

Note:
1. There is no share application money pending allotment & no monies received against share warrant.
2. There is no increase in carrying value of asset on account of revaluation as per IND AS 16 and IND AS 38, hence revaluation reserve is not required.
3. There is no compound financial instrument having equity component.
4. There is no foreign operation of the company, hence no exchange difference on translating the financial statement of foreign operations is required as per IND AS 21.

Standalone Statement of Changes in Equity for the year ended March 31, 2024

(₹ in crore)

Particulars	Reserves and Surplus												Fair value changes of debt instruments measured at fair value through other comprehensive income	Cash flow hedging reserve	Total
	Capital redemption reserve	Debenture redemption reserve	Securities premium	Capital reserve	General reserve	Reserve u/s 45-IC of Reserve Bank of India Act, 1934	Reserve u/s 29C of National Housing Bank Act, 1987	Reserve u/s 36(1) (viii) of Income tax Act, 1961	Amalgamation adjustment account	Employee stock option outstanding account	Impairment Reserve	Retained earnings			
Balance as at April 1, 2023	72.05	1.14	12,373.58	-	379.30	2,680.45	27.42	1,031.28	-	141.03	32.39	2,106.29	(7.53)	1.77	18,839.17
Changes in Accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	**72.05**	**1.14**	**12,373.58**	**-**	**379.30**	**2,680.45**	**27.42**	**1,031.28**	**-**	**141.03**	**32.39**	**2,106.29**	**(7.53)**	**1.77**	**18,839.17**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	2,286.23	-	-	2,286.23
Actuarial gain/(loss) on defined benefit plan (gratuity) (net of tax)	-	-	-	-	-	-	-	-	-	-	-	3.51	-	-	3.51
Other Comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-	-	-	-	-	8.94	(6.23)	2.71
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,289.74**	**8.94**	**(6.23)**	**2,292.45**
Issue of equity shares	-	-	90.81	-	-	-	-	-	-	(19.84)	-	-	-	-	70.97
Share issue expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to reserve u/s 45-IC of Reserve Bank of India Act, 1934	-	-	-	-	-	457.25	-	-	-	-	-	(457.25)	-	-	-
Transfer to general reserve	-	(0.85)	-	-	12.35	-	-	-	-	(11.50)	-	-	-	-	-
Transfer to reserve u/s 36(1)(viii) of Income tax Act	-	-	-	-	-	-	-	20.00	-	-	-	(20.00)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(496.61)	-	-	(496.61)
Others	-	-	-	-	-	-	-	-	-	-	-	0.04	-	-	0.04
Balance as at March 31, 2024	**72.05**	**0.29**	**12,464.39**	**-**	**391.65**	**3,137.70**	**27.42**	**1,051.28**	**-**	**109.69**	**32.39**	**3,422.21**	**1.41**	**(4.46)**	**20,706.02**

1. There is no share application money pending allotment & no monies received against share warrant.
2. There is no increase in carrying value of asset on account of revaluation as per IND AS 16 and IND AS 38, hence revaluation reserve is not required.
3. There is no compound financial instrument having equity component.
4. There is no foreign operation of the company, hence no exchange difference on translating the financial statement of foreign operations is required as per IND AS 21.

Material accounting policies	1
See accompanying notes forming part of the standalone financial statements	2 to 58

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(Formerly Khimji Kunverji & Co. LLP)
FRN: 105146W/W100621

Hasmukh B Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly Known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director & Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 27, 2024

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Notes forming part of standalone financial statements

Brief Profile:

L&T Finance Limited (formerly known as L&T Finance Holdings Limited) (the "Company") has been incorporated under the Companies Act 1956. The Company is a subsidiary of Larsen & Toubro Limited and is registered with the Reserve Bank of India ("RBI") as a non-deposit taking Systemically Important (NBFC-ND-SI) Company.

The Board of Directors of the Company had, in its meeting dated January 13, 2023, approved the proposed amalgamation of the erstwhile L&T Finance Limited, L&T Infra Credit Limited (formerly known as L&T Infra Debt Limited) and L&T Mutual Fund Trustee Limited with the company i.e. L&T Finance Holdings Limited which is renamed as L&T Finance Limited under the scheme, with appointed date of April 1, 2023, by way of merger by absorption pursuant to a scheme of arrangement (the Scheme) under the provisions of Sections 230 – 232 read with Section 52 and other relevant provisions of the Companies Act, 2013 (including the rules thereunder).

Pursuant to the sanction granted by the Hon'ble NCLT benches at Mumbai and Kolkata vide orders dated October 13, 2023 and October 17, 2023 respectively, the Scheme has become effective from December 04, 2023, taking effect from the Appointed date April 01, 2023 in accordance with the terms of the scheme (Refer note 55).

Prior to the merger, as the Company was registered as a Systematically Important Non-Deposit Accepting Core Investment Company ("NBFC-CIC") i.e. till March 31, 2023, the Company was a holding company, having investment in its subsidiaries and other group companies and carried out only such activities as are permitted under the guidelines issued by RBI for NBFC-CIC.

Pursuant to the said scheme, the Company is a Systematically Important Non-Deposit Accepting Investment Credit Company ("NBFC-ICC") and the Certificate of Registration (COR) thereof is in the process of issuance. As an NBFC-ND-SI, the Company is primarily in business of lending and carries out only such activities as are permitted under the guidelines issued by RBI for NBFC-ND-SI.

The RBI vide its press release dated September 14, 2023 has categorised erstwhile L&T Finance Limited in the Upper layer under Scale Based Regulation (SBR) for NBFCs. Pursuant to the merger of erstwhile L&T Finance limited with the Company, it is categorised as Upper layer under Scale Based Regulation (SBR) for NBFCs.

During the year the Company has received Corporate Agent (Composite) licence from Insurance Regulatory and Development Authority of India (IRDA).

1. Material Accounting Policies:

1.1. Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, applicable regulations of Reserve Bank of India (RBI) and the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with other statutory promulgations.

1.2. Basis of preparation:

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

1.3. Presentation of financial statements:

The Balance Sheet, Statement of Changes in Equity for the year and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Division III to Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

1.4. Non-current assets held for sale:

Non-current assets and disposable groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification except in some circumstances this period can be extended if it is beyond the control of management and there are sufficient evidence that the entity remains committed to its plan to sell the asset.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

1.5. Business Combination:

A Common control business combination, involving entities or business in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and where control is not transitory, is accounted for in accordance with Appendix C to Ind AS 103 "Business Combination".

The company accounts for Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonize material accounting policies.
- The financial information in the financial statements in respect of prior period are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.
- The identity of the reserves are preserved and appear in the financial statements of the transferee in same form in which they appeared in the financial statements of the transferor.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital

Notes forming part of standalone financial statements

reserve and is presented separately from other capital reserve with disclosure of its nature and purpose in the notes.

1.6. Financial instruments:

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

(i) Equity Instruments

Investments in Subsidiaries, Associates and Joint Ventures are out of scope of Ind AS 109, and, hence, the Company has accounted for its investments in Subsidiaries, Associates and Joint Ventures at cost.

(a) Investment in preference shares of the subsidiary companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.

(b) Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income

(ii) Financial assets

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

The Company has more than one business model for managing its financial instruments, assessed at portfolio level, which reflects how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However, this assessment is performed on the basis of scenarios that the Company expects to occur and not to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in the reclassification.

The Company considers sale of financial assets measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are

- due to an increase in the assets' credit risk or
- due to other reasons such as sales made to manage credit concentration risk (without an increase in the assets' credit risk) and are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

In addition, the Company also considers sale of such financial assets as consistent with the objective of holding financial assets in order to collect contractual cash flows if the sale is made close to the maturity of the financial assets and the proceeds from sale approximate the collection of the remaining contractual cash flows.

(a) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition of financial asset on an asset-by-asset basis to present subsequent changes in fair value in other comprehensive income.

(d) Debt instruments at amortised cost or at FVTOCI

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Notes forming part of standalone financial statements

(e) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Trade Receivables are initially measured at their transaction price as defined in Ind AS 115.

(iii) Financial liabilities

(a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

(b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

1.7. Write off:

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities are recorded in statement of profit and loss.

1.8. Impairment:

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivable;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for more than 90 days. The 90-day criterion is applicable unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The forbearance granted to borrowers in accordance with COVID 19 Regulatory Package notified by the Reserve Bank of India (RBI) is excluded in determining the period of default (Days Past Due) in the assessment of default.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial asset.

Notes forming part of standalone financial statements

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

Significant increase in credit risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Hitherto, in respect of the Company's corporate loan assets, the threshold for shifting to Stage 2 was being rebutted using historical evidence from the Company's own portfolio to 60 days past due.

For the purpose of counting of day past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Purchased or originated credit-impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables falling under the scope of Ind AS 115.

1.9. Modification and derecognition of financial assets:

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

   - the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
   - the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience

Notes forming part of standalone financial statements

of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.10. Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: loss allowance is recognised separately in Balance Sheet and the carrying amount is at fair value.

1.11. Assets acquired under settlement of claims:

Assets acquired under settlement of claims are initially recognised on acquisition of the assets based on the fair value of the property, including cost of acquisition. Assets acquired under settlement of claims are subsequently measured at the prevailing market price/fair valuation or acquisition cost, whichever is lower, on periodic basis.

Any profit or loss arising on the sale of complete unit is recognised in Statement of Profit and Loss.

1.12. Derivative financial instruments:

The Company enters into swap contracts and other derivative financial instruments to hedge its exposure to foreign exchange and interest rates. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges. The Company does not hold derivative financial instruments for speculative purpose.

Cash flow hedges: In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'Cash flow hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Fair Value Hedge: Fair value hedges the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship are fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Company discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

1.13. Revenue recognition:

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.

(i) Interest and dividend income

Interest income is recognised in the statement of Profit and Loss using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVTOCI) except for those classified as held for trading.

Notes forming part of standalone financial statements

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly. Dividend income is recognised when the Company’s right to receive dividend is established by the reporting date and no significant uncertainty as to collectability exists.

(ii) Fee and commission income:

Fee and commission income and expense include fees other than those that are an integral part of EIR and is recognised only on satisfactory completion of performance obligation.

The fees included in the statement of profit and loss, include among other things, fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan advisory fees.

Bounce charges levied on customers for non-payment of instalment on the contractual date is recognised on realisation.

Distribution income on distribution of insurance/other products are earned by distribution of services and products of other entities under distribution arrangements. The income is recognised on distribution on behalf of other entities subject to there being reasonable certainty of its recovery. Fees and commission expenses with regards to services are accounted for as the services are received.

(iii) Net gain on fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in “Net gains on fair value changes” under revenue from operations and if there is a net loss the same is disclosed “Expenses”, in the statement of profit and loss.

(iv) Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading. Interest income on financial assets held at FVTPL, is recognised under “interest income on financial assets classified at fair value through profit or loss”.

(v) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract. Guarantee fees is recognised on pro rata basis over the period of the guarantee.

1.14. Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.15. Property, plant and equipment (PPE):

PPE including subsequent expenditure, if any, is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

Land and buildings held for use are stated in the balance sheet at cost less accumulated impairment losses and accumulated depreciation, respectively. Freehold land is not depreciated.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets held under finance leases are depreciated over the shorter of lease term and their useful life on the same basis as owned assets. However, when there is no reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Company for similar assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

1.16. Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Notes forming part of standalone financial statements

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and the remaining useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.17. Impairment of tangible and intangible assets other than goodwill:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (the smallest identifiable Company of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

1.18. Employee benefits:

(i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) Post-employment benefits:

(a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Company, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

1.19. Leases:

a. The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments, less any lease incentives received made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in

Notes forming part of standalone financial statements

the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses.

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

b. The Company as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Company recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

1.20. Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

1.21. Securities premium account:

(i) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

1.22. Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

Notes forming part of standalone financial statements

1.23. Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Company.

1.24. Foreign currencies:

(i) The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

1.25. Taxation:

Current Tax:

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred Tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes forming part of standalone financial statements

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

1.26. Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

(i) an Company entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b. a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

1.27. Commitment:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

(a) estimated amount of contracts remaining to be executed on capital account and not provided for;

(b) uncalled liability on shares and other investments partly paid;

(c) funding related commitment to associate companies; and

(d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Notes forming part of standalone financial statements

1.28. Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the profit before tax for the effects of:

(i) changes during the period in operating receivables and payables transactions of a non-cash nature;

(ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

1.29. Earnings per share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.30. Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.31. Recent Pronouncements:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendment to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes forming part of standalone financial statements

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	1.56	9.57
Balances with banks in current accounts #	1,768.68	3,740.61
Bank deposits with original maturity less than three months*	1,791.20	5,355.53
Total cash and cash equivalents	**3,561.44**	**9,105.71**

includes current year balance of Nil (previous year: ₹ 0.11 crore) towards unutilised funds raised through public issue.

*During the current financial year there are no fixed deposits that are in the process of lien marking against the secured debt securities. In the previous year such fixed deposits were of ₹ 1,000 crore.

3 Bank balance other than note 2 above

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances with banks		
- Unclaimed dividend on equity shares	1.12	1.17
- Unclaimed redemption proceeds and dividend on preference shares	0.78	0.78
- Unclaimed matured debentures	166.34	181.20
Balances with banks to the extent held as margin money or security against borrowing, guarantees, other commitments	913.31	2,723.30
Banks deposits with maturity greater than three months and less than twelve months	1.12	733.78
Total bank balance other than note 2 above	**1,082.67**	**3,640.23**

4 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Part I		
(i) Currency derivatives:		
Notional Amounts		
– Cross currency Interest rate swap	1,902.27	864.55
Fair value assets		
– Cross currency Interest rate swap	185.87	172.39
Fair value liabilities		
– Cross currency Interest rate swap	(2.88)	–
Subtotal (i)	**182.99**	**172.39**

Notes forming part of standalone financial statements

Particulars	As at March 31, 2024	As at March 31, 2023
(ii) Interest rate derivatives:		
Notional Amounts		
– Overnight Interest rate swaps	400.00	800.00
Fair Value Assets		
– Overnight Interest rate swaps	2.55	2.06
Fair Value Liabilities		
– Overnight Interest rate swaps	–	–
Subtotal (ii)	**2.55**	**2.06**
Total derivative financial instruments	**185.54**	**174.45**
Part II		
Included in above (Part I) are derivatives held for hedging and risk management purposes as follows:		
(i) Fair value hedging:		
Notional Amounts		
– Fair value derivaties	–	300.00
Fair Value Assets		
– Fair value derivaties	–	0.77
Fair Value Liabilities		
– Fair value derivaties	–	–
Subtotal (i)	**–**	**0.77**
(i) Cash flow hedging:		
Notional Amounts		
– Currency derivatives	1,902.27	864.55
– Interest rate derivatives	400.00	500.00
Fair value assets		
– Currency derivatives	185.87	172.39
– Interest rate derivatives	2.55	1.29
Fair Value Liabilities		
– Currency derivatives	(2.88)	–
– Interest rate derivatives	–	–
Subtotal (ii)	**185.54**	**173.68**
Total derivative financial instruments	**185.54**	**174.45**

Note:

1. The company has a board approved policy for entering in to derivative transcations. Derivative comprises of currency and interest rate swap. Refer the accounting policy for derivative financial instruments.

Notes forming part of standalone financial statements

5 Receivables

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade receivables		
(a) Receivables considered good – secured	–	–
(b) Receivables considered good – unsecured	247.27	2.34
(c) Receivables which have significant increase in credit risk	–	–
(d) Receivables – credit impaired		
Receivables	7.59	7.59
Less : Impairment loss allowance	(7.59)	(7.59)
Total trade receivables (i)	**247.27**	**2.34**
(ii) Other receivables		
(a) Receivables considered good – Secured	–	–
(b) Receivables considered good – unsecured	3.23	134.28
(c) Receivables which have significant increase in Credit Risk	–	–
(d) Receivables from related parties* (refer note : 33)	2.45	2.63
(e) Receivables – credit impaired		
Receivables	10.93	4.92
Impairment loss allowance	(10.93)	(4.92)
Total other receivables (ii)	**5.68**	**136.91**
Total receivables (i+ii)	**252.95**	**139.25**

*There are no dues by Directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

(iii) Ageing Schedule for Trade Receivables#

(₹ in crore)

Particulars	Outstanding as on March 31, 2024						Total
	Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	–	241.38	0.30	–	–	–	241.68
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
(iii) Receivables which have significant increase in credit risk	–	–	–	–	–	–	–
(iv) Undisputed Trade Receivables – credit impaired	–	–	–	–	7.59	–	7.59
(v) Less : Impairment loss allowance	–	–	–	–	(7.59)	–	(7.59)
(vi) Disputed Trade Receivables–considered good	–	–	–	–	–	–	–
(vii) Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
(viii) Disputed Trade Receivables – credit impaired	–	–	–	–	–	–	–
(ix) Unbilled	5.59	–	–	–	–	–	5.59
Total	**5.59**	**241.38**	**0.30**	**–**	**–**	**–**	**247.27**

Notes forming part of standalone financial statements

(₹ in crore)

	Particulars	Outstanding as on March 31, 2023						Total
		Unbilled	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
(i)	Undisputed Trade receivables – considered good	–	2.26	0.05	0.03	–	–	2.34
(ii)	Undisputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
(iii)	Receivables which have significant increase in credit risk	–	–	–	–	–	–	–
(iv)	Undisputed Trade Receivables – credit impaired	–	–	–	7.59	–	–	7.59
(v)	Less : Impairment loss allowance	–	–	–	(7.59)	–	–	(7.59)
(vi)	Disputed Trade Receivables–considered good	–	–	–	–	–	–	–
(vii)	Disputed Trade Receivables – which have significant increase in credit risk	–	–	–	–	–	–	–
(viii)	Disputed Trade Receivables – credit impaired	–	–	–	–	–	–	–
(ix)	Unbilled	–	–	–	–	–	–	–
	Total	**–**	**2.26**	**0.05**	**0.03**	**–**	**–**	**2.34**

The above ageing is prepared on the basis of date of transaction.

6 Loans

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (i) At amortised cost		
– Term loans	80,035.53	61,384.00
– Leasing	–	0.43
Total gross loans at amortised cost	**80,035.53**	**61,384.43**
Less: Impairment loss allowance	(3,537.75)	(3,286.62)
Total net loans at amortised cost (i)	**76,497.78**	**58,097.81**
(ii) At fair value through profit or Loss		
– Loans repayable on demand	12.40	279.17
– Term loans	5,267.91	18,514.00
– Debentures	248.68	715.27
Total gross loans at fair value through profit or loss	**5,528.99**	**19,508.44**
Less: Impact of fair value changes	(667.38)	(2,451.70)
Total net loans at fair value through profit or loss (ii)	**4,861.61**	**17,056.74**
Total net loans (A) = (i)+(ii)	**81,359.39**	**75,154.55**

Notes forming part of standalone financial statements

Particulars	As at March 31, 2024	As at March 31, 2023
(B) (i) At amortised cost		
– Secured by tangible assets	42,732.48	34,394.74
– Unsecured	37,303.05	26,989.69
Total gross loans at amortised cost	**80,035.53**	**61,384.43**
Less: Impairment loss allowance	(3,537.75)	(3,286.62)
Total net loans at amortised cost (i)	**76,497.78**	**58,097.81**
(ii) At fair value through profit or loss:		
– Secured by tangible assets	5,528.99	19,485.93
– Unsecured	–	22.51
Total gross loans at fair value through profit or loss	**5,528.99**	**19,508.44**
Less: Impact of fair value changes	(667.38)	(2,451.70)
Total net loans at fair value through profit or loss (ii)	**4,861.61**	**17,056.74**
Total net loans (B) = (i)+(ii)	**81,359.39**	**75,154.55**
(C) (I) Loans in India		
(i) At amortised cost		
– Public sector	–	–
– Others	80,035.53	61,384.43
Total gross loans at amortised cost	**80,035.53**	**61,384.43**
Less: Impairment loss allowance	(3,537.75)	(3,286.62)
Total net loans in India at amortised cost (i)	76,497.78	58,097.81
(ii) At fair value through profit or loss:		
– Public sector	–	6.25
– Others	5,528.99	19,502.19
Total gross loans at fair value through profit or loss	**5,528.99**	**19,508.44**
Less: Impact of fair value changes	(667.38)	(2,451.70)
Total net loans at fair value through profit or loss (ii)	**4,861.61**	**17,056.74**
Total net loans in India (C)(I) = (i)+(ii)	**81,359.39**	**75,154.55**
(II) Loans outside India		
(i) At amortised cost	–	–
Less: Impairment loss allowance	–	–
Total net loans outside India at amortised cost (i)	**–**	**–**
(ii) At fair value through profit or loss:	**–**	**–**
Less: Impact of fair value changes	–	–
Total net loans at fair value through profit or loss (ii)	**–**	**–**
Total net loans outside India (C)(II) = (i)+(ii)	**–**	**–**
Total net loans (C) = (I)+(II)	**81,359.39**	**75,154.55**

Note: There are no loans or advances, in the natures of loans, are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act 2013), either severally or jointly with any other person.

Notes forming part of standalone financial statements

7 Investments

(₹ in crore)

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
A. Investments in fully paid equity shares						
(a) Subsidiaries (at cost)						
(i) Unquoted						
L&T Financial Consultants Limited	10.00	2,77,50,000	162.75	10.00	2,77,50,000	162.75
L&T Infra Investment Partners Advisory Private Limited	10.00	50,00,000	5.00	10.00	50,00,000	5.00
L&T Infra Investment Partners Trustee Private Limited	10.00	1,00,000	0.10	10.00	1,00,000	0.10
Total investment in equity shares of Subsidiaries			**167.85**			**167.85**
(b) Other equity shares						
(i) Quoted						
(a) Investments carried at fair value through profit or loss						
JSW Ispat Special Product Limited	–	–	–	10.00	5,93,420	1.85
Monind Limited	10.00	4,638	–	10.00	4,638	–
Monnet Project Developers Limited	10.00	11,279	–	10.00	11,279	–
3I Infotech Limited	–	–	–	10.00	2,42,638	0.67
MIC Electronics Limited	–	–	–	2.00	13,46,154	1.60
Zee Learn Limited	10.00	2,21,62,667	13.54	10.00	2,21,62,667	7.20
Zee Media Corporation Limited	–	–	–	10.00	2,53,98,667	21.85
Siti Networks Limited	10.00	4,00,29,862	2.60	10.00	5,73,83,732	6.60
Future Retail Limited	–	–	–	10.00	26,47,883	0.55
Total investment in Other quoted equity shares			**16.14**			**40.32**
(ii) Unquoted						
(a) Investments carried at fair value through profit or loss						
The Malad Sahakari Bank Limited	10.00	100	–	10.00	100	–
Coastal Projects Limited	10.00	78,96,884	–	10.00	78,96,884	–
ICOMM Tele Limited	10.00	41,667	–	10.00	41,667	–
Hanjer Biotech Energies Private Limited	10.00	2,08,716	–	10.00	2,08,716	–
Soma Enterprises Limited	–	–	–	10.00	5,00,000	–
Mediciti Healthcare Services Private Limited	10.00	16,35,003	–	10.00	16,35,003	–
Tikona Infinet Limited	10.00	4,25,912	–	10.00	4,25,912	–
Bhoruka Power Corporation Limited	10.00	11,71,098	–	10.00	11,71,098	–
Bhoruka Power India Investments Private Limited	10.00	10	–	10.00	10	–
Soma Tollways Private Limited	–	–	–	10.00	1,92,65,780	166.19
Indian Highways Management Company Limited	10.00	15,00,000	1.73	10.00	15,00,000	1.73

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
KSK Mahanadi Power Company Limited	10.00	2,63,85,108	–	10.00	2,63,85,108	–
NSL Sugars Limited	10.00	29,25,656	–	10.00	29,25,656	–
Athena Chattisgarh Power Limited	10.00	6,93,00,000	–	10.00	6,93,00,000	–
Supreme Best Value Kolhapur(Shiroli) Sangli Tollways Private Limited	10.00	5,026	–	10.00	5,026	–
Grameen Capital India Private Limited	10.00	21,26,000	–	10.00	21,26,000	–
Alpha Micro Finance Consultants Private Limited	10.00	2,00,000	–	10.00	2,00,000	–
Metropoli Overseas Limited	10.00	99,400	–	10.00	99,400	–
Anil Chemicals and Industries Limited	10.00	40,000	–	10.00	40,000	–
VMC Systems Limited	10.00	9,07,264	–	10.00	9,07,264	–
Unity Infraprojects Limited	2.00	6,94,370	–	2.00	6,94,370	–
KSK Energy Ventures Limited	10.00	1,06,88,253	–	10.00	1,06,88,253	–
Integrated Digital Info Services Limited	10.00	3,83,334	–	10.00	3,83,334	–
Elque Polyesters Limited	10.00	1,94,300	–	10.00	1,94,300	–
Gol Offshore Limited	10.00	1,13,44,315	–	10.00	1,13,44,315	–
SVOGL Oil Gas and Exploration Services Limited	10.00	34,37,172	–	10.00	34,37,172	–
Glodyne Technoserve Limited	6.00	3,19,262	–	6.00	3,19,262	–
Usher Agro Limited	10.00	3,35,344	–	10.00	3,35,344	–
Revent Metalcast Limited (Erstwhile Castex Technologies Limited)	2.00	7,65,241	–	2.00	7,65,241	–
Saumya Mining Limited	10.00	10,77,986	–	10.00	10,77,986	–
Total investment in Other unquoted equity shares			**1.73**			**167.92**
Total investment in equity shares (A)			**185.72**			**376.09**
B. Investments in debt securities						
(a) Investment carried at fair value through profit or loss (FVTPL)						
Bhoruka Power Corporation Limited	–	–	–	1,00,000.00	25,771	105.83
Soma Enterprises Limited	–	–	–	10.00	8,07,12,081	–
Soma Infrastructure Private Limited	10,00,000.00	1,120	113.84	–	–	–
Tikona Infinet Limited	2,840.00	5,79,772	–	2,840.00	5,79,772	–
Total investment in debt securities carried at FVTPL			**113.84**			**105.83**
(b) Investment carried at fair value through other comprehensive income (FVOCI)						
The South Indian Bank Limited	1,00,000.00	38,759	404.97	1,00,000.00	38,759	400.86
ECL Finance Limited	–	–	–	1,000.00	15,00,000	159.43
Total investment in debt securities carried at FVOCI			**404.97**			**560.29**
Total investment in debt securities (B)			**518.81**			**666.12**

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
C. Investments in Bonds						
(a) Investment carried at fair value through other comprehensive income (FVOCI)						
7.70% NHAISep29	10,00,000	640	66.90	10,00,000	640	66.97
8.36% NHAIMay29	10,00,000	100	11.02	10,00,000	100	11.07
8.27% NHAI 2029	10,00,000	150	15.39	10,00,000	150	15.56
Total investment in bonds carried at FVOCI (C)			**93.31**			**93.60**
D. Investments in mutual funds						
(a) Investment carried at fair value through profit or loss						
Nippon India Overnight Fund – Direct Plan – Growth Option	1,000.00	3,38,953.53	200.29	1,000.00	6,36,142.87	350.32
Axis Liquid Fund – Direct Plan – Growth Option	1,000.00	5,59,775.35	150.23	1,000.00	24,57,755.02	614.66
Aditya Birla Sun Life Liquid Fund – Growth – Direct Plan	100.00	44,97,517.64	175.26	100.00	1,79,25,194.15	650.83
Kotak Liquid Fund – DP –Growth	1,000.00	4,10,556.76	200.31	1,000.00	17,61,040.01	800.99
SBI Liquid Fund Direct Plan – Growth	1,000.00	6,62,486.29	250.37	1,000.00	12,78,543.94	450.47
Invesco Liquid Fund – Direct Plan – Growth	1,000.00	3,02,113.27	100.15	1,000.00	3,24,049.54	100.14
HDFC Liquid Fund –DP – Growth Option	1,000.00	3,16,706.56	150.23	1,000.00	7,91,774.23	350.22
ICICI Prudential Liquid Fund – DP – Growth	100.00	14,01,038.45	50.07	100.00	1,17,16,728.45	390.38
HSBC Liquid Fund – Growth Direct	1,000.00	4,16,218.22	100.14	1,000.00	17,88,647.88	401.04
Mirae Asset Liquid Fund – Direct Plan – Growth	1,000.00	5,89,037.65	150.22	1,000.00	2,10,668.36	50.07
UTI – Liquid Cash Plan –Direct Plan – Growth Option	1,000.00	3,79,497.95	150.20	1,000.00	5,42,735.23	200.24
Tata Liquid Fund – DP –Growth	1,000.00	3,94,205.08	150.20	1,000.00	9,86,519.05	350.35
DSP Liquidity Fund – Direct Plan – Growth	1,000.00	1,45,062.30	50.07	–	–	–
Bandhan Liquid Fund – Direct Plan –Growth	1,000.00	4,29,108.52	125.19	–	–	–
Sundaram Liquid FUND –DIRECT PLAN	1,000.00	2,34,782.01	50.06	–	–	–
Baroda Pioneed Liquid Fund	1,000.00	3,59,619.00	100.15	–	–	–
Canara Robeco Liquid Fund – Direct Plan –Growth	1,000.00	86,524.41	25.04	–	–	–
LIC MF Liquid Fund –DP –Growth	1,000.00	2,28,366.55	100.14	–	–	–
Bajaj Finserv Liquid Fund – Direct Plan	1,000.00	7,12,697.74	75.11	–	–	–
Total investment in mutual funds (D)			**2,353.43**			**4,709.71**

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
E. Investments in fully paid preference shares (Unquoted)						
(a) Investment carried at fair value through profit or loss						
Grameen Capital India Private Limited	10.00	38,74,000	–	10.00	38,74,000	–
3I Infotech Limited	5.00	38,96,954	–	5.00	38,96,954	–
10% SEW Vizag Coal Terminal Private Limited	10.00	47,95,256	–	10.00	47,95,256	–
Total investment in preference shares (E)			–			–
F. Investments in government securities						
(a) Investment carried at fair value through other comprehensive income						
7.37% Govt Stock 2023	–	–	–	100.00	1,65,00,000	170.60
7.16% GOI STOCK 2023	–	–	–	100.00	1,95,00,000	200.16
6.30% GOI STOCK 2023	–	–	–	100.00	20,00,000	20.62
7.35% GOI STOCK 2024	100.00	2,53,14,000	258.44	100.00	2,53,14,100	258.44
7.68% GOI STOCK	–	–	–	100.00	85,00,000	87.31
8.83% GOI STOCK	–	–	–	100.00	62,44,400	65.10
7.59% GOI STOCK 2026	100.00	2,50,00,000	256.31	100.00	2,50,00,000	256.84
5.63% GOI STOCK 2026	100.00	2,10,00,000	210.08	100.00	2,10,00,000	206.99
7.27% GOI STOCK 2026	100.00	40,00,000	41.54	100.00	40,00,000	41.53
9.15% GOI STOCK 2024	100.00	50,00,000	52.36	–	–	–
7.38% GOI 2027	100.00	4,00,00,000	412.00	–	–	–
8.20% GS 2025	100.00	1,80,00,000	183.06	–	–	–
5.22% GS 2025	100.00	60,00,000	59.63	–	–	–
182 DTB 22 –09 –22	–	–	–	100.00	85,00,000	84.91
182 DTB 04 –05 –23	–	–	–	100.00	50,00,000	49.73
364 DTB 29 –06 –23	–	–	–	100.00	1,10,00,000	108.25
364 DTB 06 –07 –23	–	–	–	100.00	80,00,000	78.60
364 DTB 03 –08 –23	–	–	–	100.00	1,50,00,000	146.59
182 DTB 14 –09 –23	–	–	–	100.00	80,00,000	77.56
364 DTB 14 –09 –23	–	–	–	100.00	2,50,00,000	242.37
364 DTB 04 –04 –24	100.00	1,70,00,000	169.84	–	–	–
182 DTB 23 –05 –24	100.00	2,00,00,000	198.02	–	–	–
364 DTB 08 –08 –24	100.00	1,00,00,000	97.56	–	–	–
364 DTB 19 –09 –24	100.00	1,00,00,000	96.79	–	–	–
364 DTB 12 –09 –24	100.00	71,20,000	69.00	–	–	–
364 DTB 03 –10 –24	100.00	60,00,000	57.92	–	–	–
364 DTB 21 –11 –24	100.00	2,00,00,000	191.30	–	–	–
Total investment in government securities (F)			**2,353.85**			**2,095.60**

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
G. Investment in other securities						
(a) Subsidiaries: Investment carried at fair value through profit or loss (FVTPL)						
L&T Infra Investments Partner Fund						
Class B	100.00	2,10,68,760	68.75	100.00	2,07,02,441	106.07
Class C	100.00	5,00,000	4.01	100.00	5,00,000	4.07
Class D	10.00	10,000	0.01	10.00	10,000	0.01
Total investment in other securities of subsidiaries carried at FVTPL			**72.77**			**110.15**
(b) Investment carried at fair value through profit or loss (FVTPL)						
KKR India debt Opportunities Fund II	1,000.00	1,56,523	0.10	1,000.00	1,56,523	0.17
KKR India debt Opportunities Fund III	1,000.00	21,226	–	1,000.00	21,226	–
LICHFL Urban Development Fund	10,000.00	10,000	0.99	10,000.00	10,000	1.62
LICHFL Housing And Infrastructure Trust	100.00	26,28,553	26.29	100.00	26,80,556	26.81
Total investment in other securities carried at FVTPL			**27.38**			**28.60**
(c) Investment carried at fair value through other comprehensive income (FVOCI)						
Indinfravit Trust	–	–	–	100.00	1,00,000	0.90
Total investment in other securities carried at FVOCI			**–**			**0.90**
Total investment in other securities (G)			**100.15**			**139.65**
H. Investment in pass through certificates						
(a) Investment carried at fair value through other comprehensive income						
Goldstein IFMR Capital	43.00	8,57,170	2.45	43.00	8,57,170	2.45
Smith IFMR Capital	4.00	1,20,96,782	3.29	4.00	1,20,96,782	3.29
Syme IFMR Capital	1.00	1,42,10,515	1.11	1.00	1,42,10,515	1.11
Moses IFMR Capital	1.00	22,50,000	0.22	1.00	22,50,000	0.22
Total investment in pass through certificate (H)			**7.07**			**7.07**
I. Investment in security receipts						
(a) Investment carried at fair value through profit or loss						
Phoenix ARF Scheme 9	1.00	6,612	–	1.00	6,612	–
Phoenix ARF Scheme 11	1.00	44,208	–	1.00	44,208	–
Phoenix ARF Scheme 13	5.00	27,404	–	5.00	27,404	–
Phoenix ARF Scheme 14	1,000.00	34,882	–	1,000.00	34,882	–
Phoenix Trust FY 19 –6	1.00	12,49,500	0.12	85.00	12,49,500	10.62

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
JM Financial Asset Reconstruction Company Private Limited (Series I – JMFARC –IRIS December 2016 – Trust)	1,000.00	6,885	–	1,000.00	6,885	–
EARC Trust SC – 258 – Series I	547.16	32,30,000	–	547.16	32,30,000	–
JMFARC LTF June 2017 Trust	376.09	7,78,349	10.80	525.87	7,78,349	15.11
Suraksha ARC – 020 Trust	751.62	8,67,000	32.73	767.04	8,67,000	50.46
Suraksha ARC – 020 Trust (Series – II)	837.89	1,26,310	4.94	888.89	1,26,310	7.75
Phoenix Trust FY 20 –4	257.00	30,26,000	3.93	257.00	30,26,000	38.88
Omkara PS10/2019 –20 Trust	1,000.00	34	–	1,000.00	62,429	–
EARC TRUST SC 367	639.12	1,17,30,000	558.23	779.63	1,17,30,000	773.04
ARCIL –CPS –062 –I –Trust	941.71	51,85,000	249.19	941.71	51,85,000	366.17
Suraksha ARC – 037 Trust	1,000.00	11,07,125	109.47	1,000.00	11,07,125	109.47
Phoenix Trust FY 14 –9	923.00	11,08,935	–	931.00	11,08,935	–
EARC Trust – SC 105	651.09	11,90,000	–	653.96	11,90,000	–
EARC Trust – SC 132	1.00	8,500	–	1.00	8,500	–
JM Financials (JMFARC) Series	376.09	26,21,651	37.79	525.87	26,21,651	52.83
ARCIL –CPS –I –Trust	672.44	58,05,500	365.90	744.03	58,05,500	431.95
Arcil –AST – IX Trust	896.96	76,58,500	686.93	986.10	76,58,500	755.20
CFMARC Trust 67	1,000.00	5,62,275	23.97	1,000.00	5,93,691	29.92
CFMARC Trust 73	1,000.00	21,15,361	174.18	1,000.00	22,29,040	210.92
CFMARC Trust 74	1,000.00	10,91,587	90.34	1,000.00	10,92,896	101.39
CFMARC Trust 76	1,000.00	5,74,337	51.48	1,000.00	5,76,334	54.55
Pegasus Group Thirty Eight Trust 1	768.65	3,28,729	13.64	823.85	3,28,729	15.46
ACRE 109 TRUST	658.12	7,82,000	47.38	819.49	7,82,000	57.68
Phoenic Trust FY 22 –7	713.00	31,53,500	153.61	751.00	31,53,500	162.45
Phoenix Trust –FY 22 –16	856.00	95,20,000	463.57	921.00	95,20,000	624.47
CFMARC TRUST – 104	1,000.00	6,50,250	65.03	1,000.00	6,50,250	65.02
CFMARC TRUST – 103	1,000.00	4,52,404	45.25	1,000.00	5,48,250	54.83
ARCIL –CPS –65 –I –Trust	987.66	93,50,000	909.21	1,000.00	93,50,000	920.81
ARCIL –CPS –III TRUST	1,000.00	59,67,000	591.77	1,000.00	59,67,000	591.74
Phoenix Trust FY 23 –7	743.00	83,30,000	574.57	990.00	83,30,000	820.31
Phoenix Trust –FY23 –37	989.00	91,37,500	672.27	–	–	–
PHOENIX TRUST –FY24 –5	1,000.00	1,43,56,500	1,432.32	–	–	–
PRUDENT TRUST – 89/23	1,000.00	5,27,000	52.22	–	–	–
CFMARC Trust 124	1,000.00	7,25,543	70.08	–	–	–
Total investment in security receipts (I)			**7,490.92**			**6,321.04**
Total investments (I)			**13,103.27**			**14,408.88**

Notes forming part of standalone financial statements

Particulars	March 31, 2024			March 31, 2023		
	Face value (₹)	Quantity (No.)	Net carrying value	Face value (₹)	Quantity (No.)	Net carrying value
(i) Investments outside India			**–**			**–**
(ii) Investments in India			**13,103.27**			**14,408.88**
Total Investments (II)			**13,103.27**			**14,408.88**
Less: Allowance for Impairment loss (III)						
Fair Value adjustment*			**728.49**			**7.07**
Net total investment (IV)= (I) –(III)			**12,374.78**			**14,401.81**

*Includes Impact of Fair valuation on Security receipts at Portfolio Level.

8 Other financials assets

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposit	74.24	68.27
Other advances	54.11	6.35
Collateralized borrowing and lending obligation (TREPS)	499.91	–
Margin money deposits	6.29	11.40
Total other financials assets	**634.55**	**86.02**

9 Property, plant and equipment

(₹ in crore)

Assets	Gross carrying value***				Accumulated depreciation***				Net carrying value***	
	As at April 01, 2023	Additions	Disposals/ Adjustment	As at March 31, 2024	As at April 01, 2023	For the Year	Disposals/ Adjustment	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Buildings : Owned*	0.38	–	–	0.38	0.06	0.01	–	0.07	0.31	0.32
Lease hold renovation : Owned	11.40	3.58	1.93	13.05	7.56	1.38	1.82	7.12	5.93	3.84
Plant and equipment : Lease out	2.80	–	–	2.80	2.16	–	–	2.16	0.64	0.64
Computers : Owned	44.71	12.99	–	57.70	37.10	3.84	–	40.94	16.76	7.61
Furniture and fixtures**										
Owned	14.86	2.47	5.59	11.74	8.01	1.61	2.70	6.92	4.82	6.85
Leased out	4.74	–	–	4.74	4.06	–	–	4.06	0.68	0.68
Sub total – Furniture and fixtures	**19.60**	**2.47**	**5.59**	**16.48**	**12.07**	**1.61**	**2.70**	**10.98**	**5.50**	**7.53**
Office equipment#**										
Owned	28.85	8.62	8.80	28.67	13.52	5.40	2.24	16.68	11.99	15.33
Leased out	0.01	–	–	0.01	–	–	–	–	0.01	0.01
Sub total – Office equipment	**28.86**	**8.62**	**8.80**	**28.68**	**13.52**	**5.40**	**2.24**	**16.68**	**12.00**	**15.34**

Notes forming part of standalone financial statements

Assets	Gross carrying value***				Accumulated depreciation***				Net carrying value***	
	As at April 01, 2023	Additions	Disposals/ Adjust-ment	As at March 31, 2024	As at April 01, 2023	For the Year	Disposals/ Adjust-ment	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Vehicles										
Owned	13.67	10.11	2.13	21.65	4.07	4.34	1.46	6.95	14.70	9.60
Leased out	0.22	–	–	0.22	0.14	–	–	0.14	0.08	0.08
Sub total – Vehicles	**13.89**	**10.11**	**2.13**	**21.87**	**4.21**	**4.34**	**1.46**	**7.09**	**14.78**	**9.68**
Total	**121.64**	**37.77**	**18.45**	**140.96**	**76.68**	**16.58**	**8.22**	**85.04**	**55.92**	**44.96**

Note:

*The tittle deed of the immovable property acquired under the scheme of amalgamation, is held in the name of erstwhile L&T Finance Limited which was merged with the Company with effect from 01 April, 2016, also the tittle deed holder is not a promoter, director or related party of the company.

** Gross Value of furniture & fixture amounting to ₹ 2.39 Crore transferred to office equipment.

Gross Value of office equipment amounting to ₹ 9.65 Crore transferred to Specialised Software.

***The Company has not revalued its property plant and equipment during the year and hence there is no movement for revaluation shown separately.

(₹ in crore)

Assets	Gross carrying value***				Accumulated depreciation***				Net carrying value***	
	As at April 01, 2022	Additions	Disposals/ Adjust-ment	As at March 31, 2023	As at April 01, 2022	For the Year	Disposals/ Adjust-ment	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings : Owned*	0.38	–	–	0.38	0.05	0.01	–	0.06	0.32	0.33
Lease hold renovation : Owned	9.37	2.91	0.88	11.40	7.59	0.85	0.88	7.56	3.84	1.78
Plant and equipments : Lease out	2.80	–	–	2.80	2.16	–	–	2.16	0.64	0.64
Computers : Owned	40.29	4.75	0.33	44.71	35.20	2.20	0.30	37.10	7.61	5.09
Furniture and fixtures										
Owned	10.93	4.22	0.29	14.86	7.50	0.71	0.20	8.01	6.85	3.43
Leased out	4.74	–	–	4.74	4.06	–	–	4.06	0.68	0.68
Sub total – Furniture and fittings	**15.67**	**4.22**	**0.29**	**19.60**	**11.56**	**0.71**	**0.20**	**12.07**	**7.53**	**4.11**
Office equipment										
Owned	13.53	15.60	0.28	28.85	9.08	4.69	0.25	13.52	15.33	4.45
Leased out	0.01	–	–	0.01	–	–	–	–	0.01	0.01
Sub total – Office equipment	**13.54**	**15.60**	**0.28**	**28.86**	**9.08**	**4.69**	**0.25**	**13.52**	**15.34**	**4.46**
Vehicles										
Owned	5.44	8.91	0.68	13.67	2.19	2.32	0.44	4.07	9.60	3.25
Leased out	0.93	–	0.71	0.22	0.63	0.02	0.51	0.14	0.08	0.30
Sub total – Vehicles	**6.37**	**8.91**	**1.39**	**13.89**	**2.82**	**2.34**	**0.95**	**4.21**	**9.68**	**3.55**
Total	**88.42**	**36.39**	**3.17**	**121.64**	**68.46**	**10.80**	**2.58**	**76.68**	**44.96**	**19.96**

Notes forming part of standalone financial statements

Note:

*The tittle deed of the immovable property acquired under the scheme of amalgamation, is held in the name of erstwhile L&T Finance Limited which was merged with the Company with effect from 01 April, 2016, also the tittle deed holder is not a promoter, director or related party of the company.

***The Company has not revalued its property plant and equipment during the year and hence there is no movement for revaluation shown separately.

10 (a) Other intangible assets and Intangible assets under development

(₹ in crore)

Particulars	Gross carrying value***				Accumulated Amortization***				Net carrying value***	
	As at April 01, 2023	Additions	Disposals/ Adjust-ment	As at March 31, 2024	As at April 01, 2023	For the Year	Disposals/ Adjust-ment	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Other intangible assets										
Specialised software#	395.58	50.07	(9.65)	455.30	280.21	78.33	(0.63)	359.17	96.13	115.37
Distribution and customer network rights	438.80	–	–	438.80	438.80	–	–	438.80	–	–
(a) Total other intangible assets	**834.38**	**50.07**	**(9.65)**	**894.10**	**719.01**	**78.33**	**(0.63)**	**797.97**	**96.13**	**115.37**
(b) Intangible assets under development									**35.62**	**4.81**

Gross Value of office equipment amounting to ₹ 9.65 Crore transferred to Specialised Software.

(₹ in crore)

Particulars	Gross carrying value***				Accumulated Amortization***				Net carrying value***	
	As at April 01, 2022	Additions	Disposals/ Adjust-ment	As at March 31, 2023	As at April 01, 2022	For the Year	Disposals/ Adjust-ment	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Other intangible assets										
Specialised software	315.00	80.58	–	395.58	198.98	81.23	–	280.21	115.37	116.02
Distribution and customer network rights	438.80	–	–	438.80	438.80	–	–	438.80	–	–
(a) Total other intangible assets	**753.80**	**80.58**	**–**	**834.38**	**637.78**	**81.23**	**–**	**719.01**	**115.37**	**116.02**
(b) Intangible assets under development									**4.81**	**–**

***The Company has not revalued its property plant and equipment during the year and hence there is no movement for revaluation shown separately.

10(b) Intangible assets under development

(i) Schdedule of ageing of Intangible assets under development as at March 31, 2024*

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	35.62	–	–	–	35.62
Projects temporarily suspended	–	–	–	–	–
Total	**35.62**	**–**	**–**	**–**	**35.62**

Notes forming part of standalone financial statements

(ii) Schedule of Ageing of completion of Intangible assets under development as at March 31, 2023*

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.69	0.12	–	–	4.81
Projects temporarily suspended		–	–	–	–
Total	**4.69**	**0.12**	**–**	**–**	**4.81**

* Above Intangible asset under development is not overdue or has not exceeded its cost compared to its original plan.

11 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	33.21	38.78
Advances to others	42.76	28.17
Amount paid under protest	31.55	52.76
Capital advances	3.08	2.10
Assets acquired in settlement of claims (Net)	413.60	465.97
Total other non-financials Assets	**524.20**	**587.78**

12 Payables

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Trade payables		
Micro enterprises and small enterprises	–	–
Due to others	1,086.98	781.19
Due to related parties (refer note: 33)	132.83	22.81
Total trade payables (i)	**1,219.81**	**804.00**
(ii) Other payables		
Micro enterprises and small enterprises	–	–
Due to others	–	–
Due to related parties	–	–
Total other payables (ii)	**–**	**–**
Total payables (i+ii)	**1,219.81**	**804.00**

(iii) Trade Payables ageing schedule

(₹ in crore)

Particulars	Outstanding as on March 31, 2024 *					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	–	–	–	–	–	–
(ii) Others	–	23.48	–	–	–	23.48
(iii) Disputed Dues - MSME	–	–	–	–	–	–
(iv) Disputed Dues - Others	–	–	–	–	–	–
(v) Bill Raised But not paid	–	49.80	–	–	–	49.80
(vi) Undue Bills	1,146.53	–	–	–	–	1,146.53
Total	**1,146.53**	**73.28**	**–**	**–**	**–**	**1,219.81**

Notes forming part of standalone financial statements

(₹ in crore)

Particulars	Outstanding as on March 31, 2023 *					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	–	–	–	–	–	–
(ii) Others	–	17.31	–	–	–	17.31
(iii) Disputed Dues – MSME	–	–	–	–	–	–
(iv) Disputed Dues – Others	–	–	–	–	–	–
(v) Bill Raised But not paid	–	26.44	–	–	–	26.44
(vi) Undue Bills	760.25	–	–	–	–	760.25
Total	**760.25**	**43.75**	**–**	**–**	**–**	**804.00**

* The above ageing is preapared on the basis of date of transaction.

13 Debt Securities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (i) At amortised cost		
– Redeemable non convertible debentures (refer note 13 (a))	25,887.73	28,678.93
– Commercial papers (net) (refer note 13 (b))	3,681.72	7,426.45
Total debt securities at amortised cost (i)	**29,569.45**	**36,105.38**
Total debt securities (A)	**29,569.45**	**36,105.38**
(B) (I) Debt securities in India		
(i) At amortised cost	29,569.45	36,105.38
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Total debt securities in India (I = i+ii+iii)	**29,569.45**	**36,105.38**
(II) Debt securities outside India		
(i) At amortised cost	–	–
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Total debt securities in outside India (II = i+ii+iii)	**–**	**–**
Total debt securities (B) = (I)+(II)	**29,569.45**	**36,105.38**

Notes forming part of standalone financial statements

13(a) Secured redeemable non convertible debentures as on March 31, 2024

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series III option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	79.01	8.80%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	202.05	9.00%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	1.56	8.48%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	21.99	8.66%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	0.35	8.81%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	28.14	9.01%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Sr C FY 17-18	₹ 25 lakh each	04-05-2017	134.19	8.08%	03-05-2024	Redeemable at par at the end of 2556 days from the date of allotment
Series H FY 2020-21	₹ 10 lakh each	10-03-2021	50.19	6.45%	10-05-2024	Redeemable at par at the end of 1157 days from the date of allotment
Reissuance - Series A FY 2021-22	₹ 10 lakh each	30-04-2021	301.21	6.45%	10-05-2024	Redeemable at par at the end of 1106 days from the date of allotment
Reissuance - Series C FY 2021-22	₹ 10 lakh each	27-05-2021	200.86	6.45%	10-05-2024	Redeemable at par at the end of 1079 days from the date of allotment
Sr E FY 17-18	₹ 25 lakh each	16-05-2017	42.83	8.08%	16-05-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr G FY18 Opt 1	₹ 25 lakh each	31-05-2017	37.36	8.07%	31-05-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr A FY15 Op 3	₹ 25 lakh each	10-06-2014	102.42	9.70%	10-06-2024	Redeemable at par at the end of 3653 days from the date of allotment
Sr H FY18 Opt 2	₹ 25 lakh each	08-06-2017	106.58	8.08%	10-06-2024	Redeemable at par at the end of 2559 days from the date of allotment
Sr I FY18 Opt 2	₹ 25 lakh each	14-06-2017	26.61	8.07%	14-06-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr J FY18 Opt 2	₹ 25 lakh each	16-06-2017	53.20	8.07%	14-06-2024	Redeemable at par at the end of 2555 days from the date of allotment
SrC FY19 Opt II	₹ 10 lakh each	26-06-2018	265.32	9.30%	26-06-2024	Redeemable at par at the end of 2192 days from the date of allotment
Series A FY 2022-23	₹ 10 lakh each	01-07-2022	184.92	7.55%	01-07-2024	Redeemable at par at the end of 731 days from the date of allotment
Sr D FY 18-19	₹ 10 lakh each	06-07-2018	170.97	9.30%	05-07-2024	Redeemable at par at the end of 2191 days from the date of allotment
Series E FY 2020-21 opt 2	₹ 10 lakh each	13-07-2020	258.73	7.90%	12-07-2024	Redeemable at par at the end of 1460 days from the date of allotment
Series C FY 2022-23 - MLD	₹ 10 lakh each	27-07-2022	229.36	7.20%	27-08-2024	Redeemable at par at the end of 762 days from the date of allotment
Reissuance-Series E FY 2022-23 MLD	₹ 10 lakh each	08-08-2022	80.95	7.20%	27-08-2024	Redeemable at par at the end of 750 days from the date of allotment
Reissuance-Series F FY 2022-23 MLD	₹ 10 lakh each	19-08-2022	133.79	7.20%	27-08-2024	Redeemable at par at the end of 739 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series F FY 2021-22 option 2	₹ 10 lakh each	31-08-2021	517.23	5.90%	30-08-2024	Redeemable at par at the end of 1095 days from the date of allotment
Series K FY 2020-21 opt 2	₹ 10 lakh each	16-09-2020	181.65	7.15%	16-09-2024	Redeemable at par at the end of 1461 days from the date of allotment
Series D FY 2020-21	₹ 10 lakh each	03-11-2020	307.77	6.55%	01-11-2024	Redeemable at par at the end of 1459 days from the date of allotment
Series M FY 2020-21	₹ 10 lakh each	03-11-2020	205.34	6.75%	01-11-2024	Redeemable at par at the end of 1459 days from the date of allotment
Series J FY 2021-22	₹ 10 lakh each	16-11-2021	66.52	6.25%	15-11-2024	Redeemable at par at the end of 1095 days from the date of allotment
Series J FY 2021-22	₹ 10 lakh each	16-11-2021	153.50	6.25%	15-11-2024	Redeemable at par at the end of 1095 days from the date of allotment
Series A FY 2017-18	₹ 10 lakh each	29-06-2017	684.95	7.59%	18-11-2024	Redeemable at par at the end of 2699 days from the date of allotment
Series K FY 2021-22 option 1	₹ 10 lakh each	03-12-2021	153.06	6.25%	03-12-2024	Redeemable at par at the end of 1096 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	23.73	8.45%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	332.59	8.60%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	0.79	8.15%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	75.33	8.29%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series K FY 2022-23 - MLD	₹ 10 lakh each	24-11-2022	176.49	7.75%	27-12-2024	Redeemable at par at the end of 764 days from the date of allotment
Reissuance - Series L FY 2022-23 - MLD option 2 (Original Issuance Series K FY 2022-23_MLD)	₹ 10 lakh each	07-12-2022	115.07	7.75%	27-12-2024	Redeemable at par at the end of 751 days from the date of allotment
Series L FY 2021-22	₹ 10 lakh each	23-12-2021	305.04	6.15%	23-01-2025	Redeemable at par at the end of 1127 days from the date of allotment
Sr B FY15 Opt I	₹ 25 lakh each	28-01-2015	101.43	8.49%	28-01-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series B FY 2019-20 opt 1	₹ 10 lakh each	28-01-2020	65.96	8.45%	17-02-2025	Redeemable at par at the end of 1847 days from the date of allotment
Reissuance - Series B1 FY 2019-20 opt 1 (Original issuance series B FY 2019-20 opt 1)	₹ 10 lakh each	05-02-2020	35.49	8.45%	17-02-2025	Redeemable at par at the end of 1839 days from the date of allotment
MLD SR D 19-20	₹ 10 lakh each	31-01-2020	22.94	8.17%	28-02-2025	Redeemable at par at the end of 1855 days from the date of allotment
Series J FY 2022-23	₹ 10 lakh each	17-11-2022	72.17	7.88%	11-03-2025	Redeemable at par at the end of 845 days from the date of allotment
Series O FY 2022-23 - MLD	₹ 1 Lakh each	06-01-2023	78.90	7.69%	21-03-2025	Redeemable at par at the end of 805 days from the date of allotment
MLD SR E 19-20	₹ 10 lakh each	25-02-2020	232.62	8.70%	25-03-2025	Redeemable at par at the end of 1855 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series J FY 2015-16 opt 3	₹ 25 lakh each	19-05-2015	47.91	8.84%	19-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2015-16 opt 5	₹ 25 lakh each	26-05-2015	32.27	8.90%	26-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2015-16 opt 2	₹ 25 lakh each	26-05-2015	21.50	8.85%	26-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series D FY 2015-16 opt 5	₹ 25 lakh each	05-06-2015	26.83	8.90%	05-06-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series R FY 2015-16	₹ 25 lakh each	05-06-2015	53.63	8.84%	05-06-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2022-23 - MLD	₹ 10 lakh each	20-12-2022	188.11	7.73%	20-06-2025	Redeemable at par at the end of 913 days from the date of allotment
Series B FY 2020-21	₹ 10 lakh each	09-07-2020	294.66	7.85%	09-07-2025	Redeemable at par at the end of 1826 days from the date of allotment
Series D FY 2020-21	₹ 10 lakh each	10-07-2020	364.20	7.75%	10-07-2025	Redeemable at par at the end of 1826 days from the date of allotment
Series I FY 2015-16 opt 4	₹ 25 lakh each	17-07-2015	10.63	8.95%	17-07-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series E FY 2018-19	₹ 10 lakh each	23-07-2018	15.94	9.05%	23-07-2025	Redeemable at par at the end of 2557 days from the date of allotment
Series E FY 2020-21 opt 1	₹ 10 lakh each	13-07-2020	528.03	7.95%	28-07-2025	Redeemable at par at the end of 1841 days from the date of allotment
Series B FY 2022-23 Option 1	₹ 10 lakh each	15-07-2022	211.02	7.75%	14-08-2025	Redeemable at par at the end of 1126 days from the date of allotment
Series B FY 2022-23 Option 2	₹ 10 lakh each	15-07-2022	340.98	7.74%	15-09-2025	Redeemable at par at the end of 1158 days from the date of allotment
Reissuance-Series D FY 2022-23	₹ 10 lakh each	02-08-2022	249.01	7.87%	15-09-2025	Redeemable at par at the end of 1140 days from the date of allotment
Series M FY 2021-22	₹ 10 lakh each	01-02-2022	25.26	6.45%	26-09-2025	Redeemable at par at the end of 1333 days from the date of allotment
Series M FY 2021-22	₹ 10 lakh each	01-02-2022	505.29	6.45%	26-09-2025	Redeemable at par at the end of 1333 days from the date of allotment
Series M FY 2021-22	₹ 10 lakh each	01-02-2022	40.42	6.45%	26-09-2025	Redeemable at par at the end of 1333 days from the date of allotment
Series H FY 2022-23	₹ 10 lakh each	19-10-2022	517.49	7.95%	31-10-2025	Redeemable at par at the end of 1108 days from the date of allotment
Series I FY 2022-23 - MLD	₹ 10 lakh each	09-11-2022	189.88	7.81%	10-11-2025	Redeemable at par at the end of 1097 days from the date of allotment
Series G FY 2022-23	₹ 10 lakh each	29-08-2022	605.67	7.53%	28-11-2025	Redeemable at par at the end of 1187 days from the date of allotment
Sr C FY16 Opt 3	₹ 25 lakh each	04-12-2015	15.42	8.55%	04-12-2025	Redeemable at par at the end of 3653 days from the date of allotment
Sr D FY16 Opt 3	₹ 25 lakh each	07-01-2016	156.01	8.63%	07-01-2026	Redeemable at par at the end of 3653 days from the date of allotment
Series AJ FY 2015-16 opt 2	₹ 25 lakh each	08-02-2016	52.64	8.75%	06-02-2026	Redeemable at par at the end of 3651 days from the date of allotment
Series L FY 2022-23 - MLD option 1	₹ 10 lakh each	07-12-2022	331.22	7.84%	10-02-2026	Redeemable at par at the end of 1161 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Reissuance-Series P FY 2022-23 MLD	₹ 10 lakh each	24-01-2023	22.12	7.84%	10-02-2026	Redeemable at par at the end of 1113 days from the date of allotment
Sr E FY16 Opt 3	₹ 25 lakh each	24-02-2016	135.93	8.73%	24-02-2026	Redeemable at par at the end of 3653 days from the date of allotment
Series N FY 2022-23	₹ 10 lakh each	29-12-2022	510.21	7.95%	27-02-2026	Redeemable at par at the end of 1156 days from the date of allotment
Series N FY 2022-23	₹ 10 lakh each	29-12-2022	393.29	7.95%	27-02-2026	Redeemable at par at the end of 1156 days from the date of allotment
Sr G FY16 OPT 3	₹ 25 lakh each	22-03-2016	90.10	8.75%	20-03-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr H FY 15-16	₹ 25 lakh each	29-03-2016	325.45	8.72%	27-03-2026	Redeemable at par at the end of 3650 days from the date of allotment
Series R FY 2022-23 Option 1	₹ 1 Lakh each	31-03-2023	162.50	8.33%	30-03-2026	Redeemable at par at the end of 1095 days from the date of allotment
Series B FY 2016-17 opt 3	₹ 25 lakh each	20-04-2016	5.41	8.65%	20-04-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series B FY 2016-17 opt 3	₹ 25 lakh each	06-05-2016	21.55	8.67%	06-05-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series B FY 2019-20	₹ 10 lakh each	28-05-2019	913.15	8.80%	28-05-2026	Redeemable at par at the end of 2557 days from the date of allotment
Sr D FY17 OPT 3	₹ 25 lakh each	10-06-2016	10.70	8.75%	10-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr E FY17 OPT 2	₹ 25 lakh each	17-06-2016	53.44	8.80%	17-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr F FY17 OPT 2	₹ 25 lakh each	23-06-2016	112.11	8.80%	23-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr G FY 16-17	₹ 25 lakh each	13-07-2016	15.95	8.77%	13-07-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series C FY 2019-20	₹ 10 lakh each	31-07-2019	15.85	8.55%	31-07-2026	Redeemable at par at the end of 2557 days from the date of allotment
Series B FY 2023-24	₹ 1 Lakh each	05-06-2023	26.63	7.91%	25-09-2026	Redeemable at par at the end of 1208 days from the date of allotment
Series B FY 2023-24	₹ 1 Lakh each	05-06-2023	505.90	7.91%	25-09-2026	Redeemable at par at the end of 1208 days from the date of allotment
Sr J FY 16-17	₹ 25 lakh each	28-09-2016	75.84	8.43%	28-09-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr K FY17 OPT 1	₹ 25 lakh each	03-10-2016	106.48	8.43%	01-10-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr M FY17 OPT 2	₹ 25 lakh each	13-10-2016	77.89	8.30%	13-10-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr N FY 16-17	₹ 25 lakh each	20-10-2016	134.80	8.30%	20-10-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series S FY 2016-17	₹ 25 lakh each	25-10-2016	10.34	7.90%	23-10-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr P FY 16-17	₹ 25 lakh each	15-11-2016	25.76	8.15%	13-11-2026	Redeemable at par at the end of 3650 days from the date of allotment
Series T FY 2016-17	₹ 25 lakh each	16-11-2016	48.38	7.95%	16-11-2026	Redeemable at par at the end of 3652 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series VI option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	25.49	8.50%	23-12-2026	Redeemable at par at the end of 2557 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	405.69	8.65%	23-12-2026	Redeemable at par at the end of 2557 days from the date of allotment
Series F FY 2023-24	₹ 1 Lakh each	04-01-2024	509.65	8.15%	04-01-2027	Redeemable at par at the end of 1096 days from the date of allotment
Reissuance - Series G FY 2023-24	₹ 1 Lakh each	18-01-2024	152.71	8.15%	04-01-2027	Redeemable at par at the end of 1082 days from the date of allotment
SR C 19-20	₹ 10 lakh each	08-01-2020	15.91	8.75%	08-01-2027	Redeemable at par at the end of 2557 days from the date of allotment
Series VI option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	11.37	8.85%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	380.92	9.05%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	0.45	8.52%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series VII option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	17.47	8.70%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series J FY 2023-24	₹ 1 Lakh each	15-03-2024	301.14	8.24%	16-06-2027	Redeemable at par at the end of 1188 days from the date of allotment
Series R FY 2022-23	₹ 1 Lakh each	01-03-2023	143.43	8.15%	01-03-2028	Redeemable at par at the end of 1827 days from the date of allotment
Series R FY 2022-23	₹ 1 Lakh each	01-03-2023	201.38	8.15%	01-03-2028	Redeemable at par at the end of 1827 days from the date of allotment
Reissuance-Series S FY 2022-23 option 2 (Original issuance series R FY 2022-23)	₹ 1 Lakh each	31-03-2023	281.24	8.15%	01-03-2028	Redeemable at par at the end of 1797 days from the date of allotment
Series A FY 2023-24 Opt I	₹ 1 Lakh each	26-05-2023	151.47	7.90%	26-05-2028	Redeemable at par at the end of 1827 days from the date of allotment
Series A FY 2011-12	₹ 7.14 lakh each	18-10-2011	364.15	9.70%	18-10-2028	Redeemable at par in 5 installments
Series V option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	8.00	9.20%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series V option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	110.79	9.35%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	0.70	8.84%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	101.61	8.98%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series H FY 2023-24	₹ 1 Lakh each	29-01-2024	207.76	8.13%	23-03-2029	Redeemable at par at the end of 1880 days from the date of allotment
Reissuance - Series I FY 2023-24	₹ 1 Lakh each	21-02-2024	223.91	8.13%	23-03-2029	Redeemable at par at the end of 1857 days from the date of allotment
NCDSR A(19-20)	₹ 10 lakh each	24-09-2019	701.29	8.42%	24-09-2029	Redeemable at par at the end of 3653 days from the date of allotment
NCDSR B(19-20)	₹ 10 lakh each	25-10-2019	12.42	8.80%	25-10-2029	Redeemable at par at the end of 3653 days from the date of allotment
Sr B FY15 Opt 2	₹ 25 lakh each	28-01-2015	101.30	8.51%	28-01-2030	Redeemable at par at the end of 5479 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series B FY 2019-20 opt 2	₹ 10 lakh each	28-01-2020	55.79	8.55%	28-01-2030	Redeemable at par at the end of 3653 days from the date of allotment
Reissuance - Series B2 FY 2019-20 opt 2 (Original issuance series B FY 2019-20 opt 2)	₹ 10 lakh each	11-02-2020	223.04	8.55%	28-01-2030	Redeemable at par at the end of 3639 days from the date of allotment
Series B FY 2020-21	₹ 10 lakh each	30-06-2020	126.45	8.10%	28-06-2030	Redeemable at par at the end of 3650 days from the date of allotment
Reissuance - Series B FY 2020-21 opt 3 (Original issuance series B FY 2020-21)	₹ 10 lakh each	13-07-2020	267.09	8.10%	28-06-2030	Redeemable at par at the end of 3637 days from the date of allotment
Series J FY 2020-21 opt 2	₹ 10 lakh each	09-09-2020	104.03	7.66%	09-09-2030	Redeemable at par at the end of 3652 days from the date of allotment
Reissuance - Series K FY 2020-21 opt 1 (Original issuance series J FY 2020-21 opt 2)	₹ 10 lakh each	16-09-2020	52.21	7.66%	09-09-2030	Redeemable at par at the end of 3645 days from the date of allotment
Series E FY 2017-18	₹ 10 lakh each	30-12-2020	1,529.04	7.62%	30-12-2030	Redeemable at par at the end of 3652 days from the date of allotment
Sr D FY16 Opt 4	₹ 25 lakh each	07-01-2016	15.29	8.63%	07-01-2031	Redeemable at par at the end of 5479 days from the date of allotment
Sr E FY16 Opt 4	₹ 25 lakh each	24-02-2016	5.02	8.73%	24-02-2031	Redeemable at par at the end of 5479 days from the date of allotment
Series B FY 2021-22	₹ 10 lakh each	19-05-2021	1,064.30	7.40%	19-05-2031	Redeemable at par in 5 installments
Sr K FY17 OPT 2	₹ 25 lakh each	03-10-2016	26.02	8.43%	03-10-2031	Redeemable at par at the end of 5478 days from the date of allotment
NCD SRC STRPP 1	₹ 2 lakh each	21-10-2020	26.94	8.10%	21-10-2031	Redeemable at par at the end of 4017 days from the date of allotment
NCD SRD STRPP 1	₹ 2 lakh each	25-11-2020	10.28	7.95%	25-11-2031	Redeemable at par at the end of 4017 days from the date of allotment
Sr G FY18 Opt 2	₹ 25 lakh each	31-05-2017	112.10	8.20%	31-05-2032	Redeemable at par at the end of 5479 days from the date of allotment
NCD SRC STRPP 2	₹ 2 lakh each	21-10-2020	26.94	8.10%	21-10-2032	Redeemable at par at the end of 4383 days from the date of allotment
NCD SRD STRPP 2	₹ 2 lakh each	25-11-2020	10.28	7.95%	25-11-2032	Redeemable at par at the end of 4383 days from the date of allotment
Series Q FY 2022-23	₹ 1 Lakh each	14-02-2023	277.64	8.05%	14-02-2033	Redeemable at par at the end of 3653 days from the date of allotment
Series A FY 2023-24 Opt II	₹ 1 Lakh each	26-05-2023	266.44	7.85%	26-05-2033	Redeemable at par at the end of 3653 days from the date of allotment
Reissuance - Series C FY 2023-24	₹ 1 Lakh each	13-06-2023	117.55	7.85%	26-05-2033	Redeemable at par at the end of 3635 days from the date of allotment
Reissuance - Series E FY 2023-24	₹ 1 Lakh each	27-09-2023	79.62	7.85%	26-05-2033	Redeemable at par at the end of 3529 days from the date of allotment
Series D FY 2023-24	₹ 1 Lakh each	13-09-2023	1,669.42	7.90%	13-09-2033	Redeemable at par in 4 installments
NCD SRC STRPP 3	₹ 2 lakh each	21-10-2020	26.94	8.10%	21-10-2033	Redeemable at par at the end of 4748 days from the date of allotment
NCD SRD STRPP 3	₹ 2 lakh each	25-11-2020	10.28	7.95%	25-11-2033	Redeemable at par at the end of 4748 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
NCDSR I (18-19)	₹ 10 lakh each	20-02-2019	20.21	9.22%	20-02-2034	Redeemable at par at the end of 5479 days from the date of allotment
NCD SRC STRPP 4	₹ 2 lakh each	21-10-2020	26.94	8.10%	20-10-2034	Redeemable at par at the end of 5112 days from the date of allotment
NCD SRD STRPP 4	₹ 2 lakh each	25-11-2020	10.28	7.95%	24-11-2034	Redeemable at par at the end of 5112 days from the date of allotment
NCD SRC STRPP 5	₹ 2 lakh each	21-10-2020	26.94	8.10%	19-10-2035	Redeemable at par at the end of 5476 days from the date of allotment
NCD SRD STRPP 5	₹ 2 lakh each	25-11-2020	10.28	7.95%	23-11-2035	Redeemable at par at the end of 5476 days from the date of allotment
Sr D FY16 Opt 5	₹ 25 lakh each	07-01-2016	10.19	8.63%	07-01-2036	Redeemable at par at the end of 7305 days from the date of allotment
Sr E FY16 Opt 5	₹ 25 lakh each	24-02-2016	5.01	8.73%	22-02-2036	Redeemable at par at the end of 7303 days from the date of allotment
Total 13(a)			**25,887.73**			

Nature of Security :

The Debentures are secured by way of first/second charges, having pari passu right, as the case may be, on the company's specified immovable properties and specified lease/term loan receivables.

Secured redeemable non convertible debentures public issue :

The Company has utilised fund raised through public issue for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company (payment of interest and/or repayment/prepayment of principal of borrowings) and general corporate purpose. Total unutilised balance amount of Nil is in current account (includes ₹ 0.11 crore unutilised from amount raised in previous year).

13(b) Commercial papers (net) as on March 31, 2024

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2024 (₹ in crore)
Bullet	Upto 5 years	7.01%-8.00%	1,171.22
Bullet	Upto 5 years	8.01%-9.00%	2,510.50
Total 13(b)			**3,681.72**

13 (a) Secured redeemable non convertible debentures as on March 31, 2023

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series A FY 2020-21	₹ 10 lakh each	28-04-2020	1,152.51	7.80%	28-04-2023	Redeemable at par at the end of 1095 days from the date of allotment
Sr B FY17 OPT 2	₹ 25 lakh each	06-05-2016	1.08	8.67%	05-05-2023	Redeemable at par at the end of 2555 days from the date of allotment
Series I FY 2020-21 opt 1	₹ 10 lakh each	17-03-2021	300.76	6.15%	17-05-2023	Redeemable at par at the end of 791 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series C FY 2018-19	₹ 10 lakh each	29-08-2018	499.92	8.44%	18-05-2023	Redeemable at par at the end of 1723 days from the date of allotment
Series C FY 2013-14	₹ 10 lakh each	29-05-2013	117.78	8.35%	29-05-2023	Redeemable at par at the end of 3652 days from the date of allotment
SR A 20-21	₹ 10 lakh each	29-05-2020	128.47	8.40%	29-05-2023	Redeemable at par at the end of 1095 days from the date of allotment
Sr N FY 17-18	₹ 25 lakh each	30-01-2018	83.12	8.19%	30-05-2023	Redeemable at par at the end of 1946 days from the date of allotment
Sr N FY18 Re 1	₹ 25 lakh each	26-02-2018	58.78	8.19%	30-05-2023	Redeemable at par at the end of 1919 days from the date of allotment
Sr N FY18 Re 2	₹ 25 lakh each	27-03-2018	25.34	8.19%	30-05-2023	Redeemable at par at the end of 1890 days from the date of allotment
Sr N FY18 Re 3	₹ 25 lakh each	28-03-2018	23.31	8.19%	30-05-2023	Redeemable at par at the end of 1889 days from the date of allotment
Series C FY 2020-21	₹ 10 lakh each	12-06-2020	318.22	7.70%	12-06-2023	Redeemable at par at the end of 1095 days from the date of allotment
Series I FY 2021-22	₹ 10 lakh each	30-09-2021	58.66	7.70%	12-06-2023	Redeemable at par at the end of 620 days from the date of allotment
Sr A FY 18-19	₹ 10 lakh each	09-05-2018	62.39	8.45%	23-06-2023	Redeemable at par at the end of 1871 days from the date of allotment
Series G FY 2016-17 opt 1	₹ 25 lakh each	01-07-2016	10.66	8.75%	30-06-2023	Redeemable at par at the end of 2555 days from the date of allotment
Series A FY 2020-21 - MLD	₹ 10 lakh each	03-07-2020	150.50	7.00%	03-07-2023	Redeemable at par at the end of 1095 days from the date of allotment
Series C FY 2020-21 - MLD	₹ 10 lakh each	20-07-2020	90.36	7.00%	03-07-2023	Redeemable at par at the end of 1078 days from the date of allotment
Series H FY 2016-17 opt 2	₹ 25 lakh each	22-07-2016	16.96	8.70%	21-07-2023	Redeemable at par at the end of 2555 days from the date of allotment
Series E FY 2018-19	₹ 10 lakh each	02-08-2018	37.05	8.86%	02-08-2023	Redeemable at par at the end of 1826 days from the date of allotment
Sr B FY 18-19	₹ 10 lakh each	19-06-2018	330.44	9.30%	18-08-2023	Redeemable at par at the end of 1886 days from the date of allotment
Sr C FY19 Opt I	₹ 10 lakh each	26-06-2018	248.70	9.30%	25-08-2023	Redeemable at par at the end of 1886 days from the date of allotment
Sr H FY 16-17	₹ 25 lakh each	01-09-2016	26.23	8.45%	01-09-2023	Redeemable at par at the end of 2556 days from the date of allotment
Series J FY 2020-21 opt 1	₹ 10 lakh each	09-09-2020	519.27	7.30%	08-09-2023	Redeemable at par at the end of 1094 days from the date of allotment
Series G FY 2021-22 - MLD	₹ 10 lakh each	08-09-2021	32.43	5.12%	08-09-2023	Redeemable at par at the end of 730 days from the date of allotment
MLD SR B 20-21	₹ 10 lakh each	07-07-2020	124.88	7.97%	06-10-2023	Redeemable at par at the end of 1186 days from the date of allotment
Sr L FY 16-17	₹ 25 lakh each	10-10-2016	155.93	8.36%	10-10-2023	Redeemable at par at the end of 2556 days from the date of allotment
Sr M FY17 OPT 1	₹ 25 lakh each	13-10-2016	77.88	8.25%	13-10-2023	Redeemable at par at the end of 2556 days from the date of allotment
MLD F18-19	₹ 10 lakh each	18-09-2018	72.02	8.40%	18-10-2023	Redeemable at par at the end of 1856 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
MLD G18-19	₹ 10 lakh each	21-09-2018	44.80	8.49%	21-11-2023	Redeemable at par at the end of 1887 days from the date of allotment
Series F FY 2020-21	₹ 10 lakh each	02-12-2020	610.74	5.85%	01-12-2023	Redeemable at par at the end of 1094 days from the date of allotment
Sr S FY 16-17	₹ 25 lakh each	15-12-2016	25.59	8.05%	15-12-2023	Redeemable at par at the end of 2556 days from the date of allotment
Series J FY 2018-19	₹ 10 lakh each	04-01-2019	817.16	9.00%	04-01-2024	Redeemable at par at the end of 1826 days from the date of allotment
Series G FY 2018-19	₹ 10 lakh each	11-01-2019	27.52	8.90%	11-01-2024	Redeemable at par at the end of 1826 days from the date of allotment
Series K FY 2018-19 option 2	₹ 10 lakh each	11-01-2019	25.48	9.00%	09-02-2024	Redeemable at par at the end of 1855 days from the date of allotment
Series K FY 2021-22 option 2	₹ 10 lakh each	03-12-2021	52.32	9.00%	09-02-2024	Redeemable at par at the end of 798 days from the date of allotment
Series G FY 2020-21	₹ 10 lakh each	03-03-2021	451.88	6.40%	01-03-2024	Redeemable at par at the end of 1094 days from the date of allotment
Series N FY 2018-19	₹ 10 lakh each	01-02-2019	25.36	9.02%	11-03-2024	Redeemable at par at the end of 1865 days from the date of allotment
NCD SR H (18-19	₹ 10 lakh each	01-02-2019	25.37	9.15%	11-03-2024	Redeemable at par at the end of 1865 days from the date of allotment
Series III option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	30.38	9.10%	13-03-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	236.20	9.25%	13-03-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	1.77	8.75%	13-03-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	60.21	8.89%	13-03-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	78.82	8.80%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series III option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	201.57	9.00%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	1.55	8.48%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	21.93	8.66%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	0.32	8.81%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	25.76	9.01%	15-04-2024	Redeemable at par at the end of 1827 days from the date of allotment
Sr C FY 17-18	₹ 25 lakh each	04-05-2017	134.17	8.08%	03-05-2024	Redeemable at par at the end of 2556 days from the date of allotment
Series H FY 2020-21	₹ 10 lakh each	10-03-2021	50.19	6.45%	10-05-2024	Redeemable at par at the end of 1157 days from the date of allotment
Reissuance - Series A FY 2021-22	₹ 10 lakh each	30-04-2021	301.58	6.45%	10-05-2024	Redeemable at par at the end of 1106 days from the date of allotment
Reissuance - Series C FY 2021-22	₹ 10 lakh each	27-05-2021	201.62	6.45%	10-05-2024	Redeemable at par at the end of 1079 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Sr E FY 17-18	₹ 25 lakh each	16-05-2017	42.83	8.08%	16-05-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr G FY18 Opt 1	₹ 25 lakh each	31-05-2017	37.36	8.07%	31-05-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr A FY15 Op 3	₹ 25 lakh each	10-06-2014	102.45	9.70%	10-06-2024	Redeemable at par at the end of 3653 days from the date of allotment
Sr H FY18 Opt 2	₹ 25 lakh each	08-06-2017	106.57	8.08%	10-06-2024	Redeemable at par at the end of 2559 days from the date of allotment
Sr I FY18 Opt 2	₹ 25 lakh each	14-06-2017	26.60	8.07%	14-06-2024	Redeemable at par at the end of 2557 days from the date of allotment
Sr J FY18 Opt 2	₹ 25 lakh each	16-06-2017	53.19	8.07%	14-06-2024	Redeemable at par at the end of 2555 days from the date of allotment
SrC FY19 Opt II	₹ 10 lakh each	26-06-2018	265.29	9.30%	26-06-2024	Redeemable at par at the end of 2192 days from the date of allotment
Reissuance - Series L FY 2022-23 - MLD option 2 (Original Issuance Series K FY 2022-23_MLD)	₹ 10 lakh each	01-07-2022	184.89	7.55%	01-07-2024	Redeemable at par at the end of 731 days from the date of allotment
Sr D FY 18-19	₹ 10 lakh each	06-07-2018	170.95	9.30%	05-07-2024	Redeemable at par at the end of 2191 days from the date of allotment
Series E FY 2020-21 opt 2	₹ 10 lakh each	13-07-2020	258.47	7.90%	12-07-2024	Redeemable at par at the end of 1460 days from the date of allotment
Series C FY 2022-23 - MLD	₹ 10 lakh each	27-07-2022	213.83	7.20%	27-08-2024	Redeemable at par at the end of 762 days from the date of allotment
Reissuance-Series E FY 2022-23 MLD	₹ 10 lakh each	08-08-2022	75.47	7.20%	27-08-2024	Redeemable at par at the end of 750 days from the date of allotment
Reissuance-Series F FY 2022-23 MLD	₹ 10 lakh each	19-08-2022	124.72	7.20%	27-08-2024	Redeemable at par at the end of 739 days from the date of allotment
Series F FY 2021-22 option 2	₹ 10 lakh each	31-08-2021	517.14	5.90%	30-08-2024	Redeemable at par at the end of 1095 days from the date of allotment
Series K FY 2020-21 opt 2	₹ 10 lakh each	16-09-2020	181.38	7.15%	16-09-2024	Redeemable at par at the end of 1461 days from the date of allotment
Series D FY 2020-21	₹ 10 lakh each	03-11-2020	307.25	6.55%	01-11-2024	Redeemable at par at the end of 1459 days from the date of allotment
Series M FY 2020-21	₹ 10 lakh each	03-11-2020	205.00	6.75%	01-11-2024	Redeemable at par at the end of 1459 days from the date of allotment
Series J FY 2021-22	₹ 10 lakh each	16-11-2021	219.97	6.25%	15-11-2024	Redeemable at par at the end of 1095 days from the date of allotment
Series A FY 2017-18	₹ 10 lakh each	29-06-2017	684.39	7.59%	18-11-2024	Redeemable at par at the end of 2699 days from the date of allotment
Series K FY 2021-22 option 1	₹ 10 lakh each	03-12-2021	153.03	6.25%	03-12-2024	Redeemable at par at the end of 1096 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	23.67	8.45%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series IV option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	331.74	8.60%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series V option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	0.79	8.15%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Series V option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	75.14	8.29%	23-12-2024	Redeemable at par at the end of 1827 days from the date of allotment
Series K FY 2022-23 - MLD	₹ 10 lakh each	24-11-2022	163.69	7.75%	27-12-2024	Redeemable at par at the end of 764 days from the date of allotment
Reissuance-Series F FY 2022-23 MLD	₹ 10 lakh each	07-12-2022	106.72	7.75%	27-12-2024	Redeemable at par at the end of 751 days from the date of allotment
Series L FY 2021-22	₹ 10 lakh each	23-12-2021	305.00	6.15%	23-01-2025	Redeemable at par at the end of 1127 days from the date of allotment
Sr B FY15 Opt I	₹ 25 lakh each	28-01-2015	101.34	8.49%	28-01-2025	Redeemable at par at the end of 3653 days from the date of allotment
Reissuance - Series B1 FY 2019-20 opt 1 (Original issuance series B FY 2019-20 opt 1)	₹ 10 lakh each	28-01-2020	101.40	8.45%	17-02-2025	Redeemable at par at the end of 1847 days from the date of allotment
MLD SR D 19-20	₹ 10 lakh each	31-01-2020	20.93	8.17%	28-02-2025	Redeemable at par at the end of 1855 days from the date of allotment
Series J FY 2022-23	₹ 10 lakh each	17-11-2022	66.88	7.88%	11-03-2025	Redeemable at par at the end of 845 days from the date of allotment
Series O FY 2022-23 - MLD	₹ 1 Lakh each	06-01-2023	73.21	7.70%	21-03-2025	Redeemable at par at the end of 805 days from the date of allotment
MLD SR E 19-20	₹ 10 lakh each	25-02-2020	213.91	8.70%	25-03-2025	Redeemable at par at the end of 1855 days from the date of allotment
Series J FY 2015-16 opt 3	₹ 25 lakh each	19-05-2015	47.91	8.84%	19-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2015-16 opt 5	₹ 25 lakh each	26-05-2015	32.27	8.90%	26-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2015-16 opt 2	₹ 25 lakh each	26-05-2015	21.50	8.85%	26-05-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series D FY 2015-16 opt 5	₹ 25 lakh each	05-06-2015	26.82	8.90%	05-06-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series R FY 2015-16	₹ 25 lakh each	05-06-2015	53.61	8.84%	05-06-2025	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2022-23 - MLD	₹ 10 lakh each	20-12-2022	174.49	7.73%	20-06-2025	Redeemable at par at the end of 913 days from the date of allotment
Series B FY 2020-21	₹ 10 lakh each	09-07-2020	294.40	7.85%	09-07-2025	Redeemable at par at the end of 1826 days from the date of allotment
Series D FY 2020-21	₹ 10 lakh each	10-07-2020	364.00	7.75%	10-07-2025	Redeemable at par at the end of 1826 days from the date of allotment
Series I FY 2015-16 opt 4	₹ 25 lakh each	17-07-2015	10.63	8.95%	17-07-2025	Redeemable at par at the end of 3653 days from the date of allotment
Sr E FY 18-19	₹ 10 lakh each	23-07-2018	15.93	9.05%	23-07-2025	Redeemable at par at the end of 2557 days from the date of allotment
Series E FY 2020-21 opt 1	₹ 10 lakh each	13-07-2020	527.60	7.95%	28-07-2025	Redeemable at par at the end of 1841 days from the date of allotment
Series B FY 2022-23 Option 1	₹ 10 lakh each	15-07-2022	210.99	7.75%	14-08-2025	Redeemable at par at the end of 1126 days from the date of allotment
Series B FY 2022-23 Option 2	₹ 10 lakh each	15-07-2022	316.39	7.74%	15-09-2025	Redeemable at par at the end of 1158 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Reissuance-Series D FY 2022-23	₹ 10 lakh each	02-08-2022	231.30	7.87%	15-09-2025	Redeemable at par at the end of 1140 days from the date of allotment
Series M FY 2021-22	₹ 10 lakh each	01-02-2022	570.89	6.45%	26-09-2025	Redeemable at par at the end of 1333 days from the date of allotment
Series H FY 2022-23	₹ 10 lakh each	19-10-2022	517.16	7.95%	31-10-2025	Redeemable at par at the end of 1108 days from the date of allotment
Series J FY 2022-23 - MLD	₹ 10 lakh each	09-11-2022	176.01	7.81%	10-11-2025	Redeemable at par at the end of 1097 days from the date of allotment
Series G FY 2022-23	₹ 10 lakh each	29-08-2022	605.56	7.53%	28-11-2025	Redeemable at par at the end of 1187 days from the date of allotment
Sr C FY16 Opt 3	₹ 25 lakh each	04-12-2015	15.41	8.55%	04-12-2025	Redeemable at par at the end of 3653 days from the date of allotment
Sr D FY16 Opt 3	₹ 25 lakh each	07-01-2016	155.93	8.63%	07-01-2026	Redeemable at par at the end of 3653 days from the date of allotment
Series AJ FY 2015-16 opt 2	₹ 25 lakh each	08-02-2016	52.62	8.75%	06-02-2026	Redeemable at par at the end of 3651 days from the date of allotment
Series L FY 2022-23 - MLD option 1	₹ 10 lakh each	07-12-2022	306.88	7.84%	10-02-2026	Redeemable at par at the end of 1161 days from the date of allotment
Reissuance-Series P FY 2022-23 MLD	₹ 10 lakh each	24-01-2023	20.51	7.84%	10-02-2026	Redeemable at par at the end of 1113 days from the date of allotment
Sr E FY16 Opt 3	₹ 25 lakh each	24-02-2016	135.86	8.73%	24-02-2026	Redeemable at par at the end of 3653 days from the date of allotment
Series N FY 2022-23	₹ 10 lakh each	29-12-2022	510.13	7.95%	27-02-2026	Redeemable at par at the end of 1156 days from the date of allotment
Reissuance-Series N FY 2022-23	₹ 10 lakh each	29-12-2022	393.19	7.95%	27-02-2026	Redeemable at par at the end of 1156 days from the date of allotment
Sr G FY16 OPT 3	₹ 25 lakh each	22-03-2016	90.04	8.75%	20-03-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr H FY 15-16	₹ 25 lakh each	29-03-2016	298.82	8.72%	27-03-2026	Redeemable at par at the end of 3650 days from the date of allotment
Series R FY 2022-23 Option 1	₹ 1 Lakh each	31-03-2023	149.99	8.33%	30-03-2026	Redeemable at par at the end of 1095 days from the date of allotment
Series B FY 2016-17 opt 3	₹ 25 lakh each	20-04-2016	5.41	8.65%	20-04-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr B FY17 OPT 3	₹ 25 lakh each	06-05-2016	21.56	8.67%	06-05-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series B FY 2019-20	₹ 10 lakh each	28-05-2019	913.12	8.80%	28-05-2026	Redeemable at par at the end of 2557 days from the date of allotment
Sr D FY17 OPT 3	₹ 25 lakh each	10-06-2016	10.71	8.75%	10-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr E FY17 OPT 2	₹ 25 lakh each	17-06-2016	53.45	8.80%	17-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr F FY17 OPT 2	₹ 25 lakh each	23-06-2016	112.08	8.80%	23-06-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr G FY 16-17	₹ 25 lakh each	13-07-2016	15.94	8.77%	13-07-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series C FY 2019-20	₹ 10 lakh each	31-07-2019	15.85	8.55%	31-07-2026	Redeemable at par at the end of 2557 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Sr J FY 16-17	₹ 25 lakh each	28-09-2016	75.82	8.43%	28-09-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr K FY17 OPT 1	₹ 25 lakh each	03-10-2016	106.46	8.43%	01-10-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr M FY17 OPT 2	₹ 25 lakh each	13-10-2016	77.87	8.30%	13-10-2026	Redeemable at par at the end of 3652 days from the date of allotment
Sr N FY 16-17	₹ 25 lakh each	20-10-2016	134.76	8.30%	20-10-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series S FY 2016-17	₹ 25 lakh each	25-10-2016	10.33	7.90%	23-10-2026	Redeemable at par at the end of 3650 days from the date of allotment
Sr P FY 16-17	₹ 25 lakh each	15-11-2016	25.76	8.15%	13-11-2026	Redeemable at par at the end of 3650 days from the date of allotment
Series T FY 2016-17	₹ 25 lakh each	16-11-2016	48.37	7.95%	16-11-2026	Redeemable at par at the end of 3652 days from the date of allotment
Series VI option 1 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	25.44	8.50%	23-12-2026	Redeemable at par at the end of 2557 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-2)	₹ 1000 each	23-12-2019	404.92	8.65%	23-12-2026	Redeemable at par at the end of 2557 days from the date of allotment
SR C 19-20	₹ 10 lakh each	08-01-2020	15.91	8.75%	08-01-2027	Redeemable at par at the end of 2557 days from the date of allotment
Series VI option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	11.35	8.85%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series VI option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	380.36	9.05%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series IV option 1 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	0.45	8.52%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series VII option 2 FY 2019-20 (Public issue-1)	₹ 1000 each	15-04-2019	17.44	8.70%	15-04-2027	Redeemable at par at the end of 2922 days from the date of allotment
Series R FY 2022-23	₹ 1 Lakh each	01-03-2023	143.41	8.15%	01-03-2028	Redeemable at par at the end of 1827 days from the date of allotment
Reissuance-Series R FY 2022-23	₹ 1 Lakh each	01-03-2023	201.38	8.15%	01-03-2028	Redeemable at par at the end of 1827 days from the date of allotment
Reissuance-Series R FY 2022-23 option 2	₹ 1 Lakh each	31-03-2023	281.06	8.15%	01-03-2028	Redeemable at par at the end of 1797 days from the date of allotment
Series A FY 2011-12	₹ 8.57 lakh each	18-10-2011	436.89	9.70%	18-10-2028	Redeemable at par in 5 installments
Series V option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	7.99	9.20%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series V option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	110.65	9.35%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 1 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	0.70	8.84%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
Series VI option 2 FY 2018-19 (Public issue-1)	₹ 1000 each	13-03-2019	101.48	8.98%	13-03-2029	Redeemable at par at the end of 3653 days from the date of allotment
NCDSR A(19-20)	₹ 10 lakh each	24-09-2019	701.29	8.42%	24-09-2029	Redeemable at par at the end of 3653 days from the date of allotment
NCDSR B(19-20)	₹ 10 lakh each	25-10-2019	12.41	8.80%	25-10-2029	Redeemable at par at the end of 3653 days from the date of allotment

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Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
Sr B FY15 Opt 2	₹ 25 lakh each	28-01-2015	101.23	8.51%	28-01-2030	Redeemable at par at the end of 5479 days from the date of allotment
Reissuance - Series B2 FY 2019-20 opt 2 (Original issuance series B FY 2019-20 opt 2)	₹ 10 lakh each	11-02-2020	278.82	8.55%	28-01-2030	Redeemable at par at the end of 3639 days from the date of allotment
Reissuance - Series B FY 2020-21 opt 3 (Original issuance series B FY 2020-21)	₹ 10 lakh each	30-06-2020	393.56	8.10%	28-06-2030	Redeemable at par at the end of 3650 days from the date of allotment
Series J FY 2020-21 opt 2	₹ 10 lakh each	09-09-2020	103.98	7.66%	09-09-2030	Redeemable at par at the end of 3652 days from the date of allotment
Reissuance - Series K FY 2020-21 opt 1 (Original issuance series J FY 2020-21 opt 2)	₹ 10 lakh each	16-09-2020	52.22	7.66%	09-09-2030	Redeemable at par at the end of 3645 days from the date of allotment
Series E FY 2017-18	₹ 10 lakh each	30-12-2020	1,528.81	7.62%	30-12-2030	Redeemable at par at the end of 3652 days from the date of allotment
Sr D FY16 Opt 4	₹ 25 lakh each	07-01-2016	15.28	8.63%	07-01-2031	Redeemable at par at the end of 5479 days from the date of allotment
Sr E FY16 Opt 4	₹ 25 lakh each	24-02-2016	5.02	8.73%	24-02-2031	Redeemable at par at the end of 5479 days from the date of allotment
Series B FY 2021-22	₹ 10 lakh each	19-05-2021	1,064.27	7.40%	19-05-2031	Redeemable at par in 5 installments
Sr K FY17 OPT 2	₹ 25 lakh each	03-10-2016	26.02	8.43%	03-10-2031	Redeemable at par at the end of 5478 days from the date of allotment
NCD SRC STRPP 1	₹ 2 Lakh each	21-10-2020	26.93	8.10%	21-10-2031	Redeemable at par at the end of 4017 days from the date of allotment
NCD SRD STRPP 1	₹ 2 Lakh each	25-11-2020	10.28	7.95%	25-11-2031	Redeemable at par at the end of 4017 days from the date of allotment
Sr G FY18 Opt 2	₹ 25 lakh each	31-05-2017	112.09	8.20%	31-05-2032	Redeemable at par at the end of 5479 days from the date of allotment
NCD SRC STRPP 2	₹ 2 Lakh each	21-10-2020	26.93	8.10%	21-10-2032	Redeemable at par at the end of 4383 days from the date of allotment
NCD SRD STRPP 2	₹ 2 Lakh each	25-11-2020	10.28	7.95%	25-11-2032	Redeemable at par at the end of 4383 days from the date of allotment
Series Q FY 2022-23	₹ 1 Lakh each	14-02-2023	277.56	8.05%	14-02-2033	Redeemable at par at the end of 3653 days from the date of allotment
NCD SRC STRPP 3	₹ 2 Lakh each	21-10-2020	26.93	8.10%	21-10-2033	Redeemable at par at the end of 4748 days from the date of allotment
NCD SRD STRPP 3	₹ 2 Lakh each	25-11-2020	10.28	7.95%	25-11-2033	Redeemable at par at the end of 4748 days from the date of allotment
NCDSR I (18-19)	₹ 10 lakh each	20-02-2019	20.20	9.22%	20-02-2034	Redeemable at par at the end of 5479 days from the date of allotment
NCD SRC STRPP 4	₹ 2 Lakh each	21-10-2020	26.93	8.10%	20-10-2034	Redeemable at par at the end of 5112 days from the date of allotment
NCD SRD STRPP 4	₹ 2 Lakh each	25-11-2020	10.28	7.95%	24-11-2034	Redeemable at par at the end of 5112 days from the date of allotment
NCD SRC STRPP 5	₹ 2 Lakh each	21-10-2020	26.93	8.10%	19-10-2035	Redeemable at par at the end of 5476 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Earliest Date of redemption	Redeemable terms
NCD SRD STRPP 5	₹ 2 Lakh each	25-11-2020	10.28	7.95%	23-11-2035	Redeemable at par at the end of 5476 days from the date of allotment
Sr D FY16 Opt 5	₹ 25 lakh each	07-01-2016	10.18	8.63%	07-01-2036	Redeemable at par at the end of 7305 days from the date of allotment
Sr E FY16 Opt 5	₹ 25 lakh each	24-02-2016	5.01	8.73%	22-02-2036	Redeemable at par at the end of 7303 days from the date of allotment
			28,678.93			

Nature of Security :

The Debentures are secured by way of first/second charges, having pari passu right, as the case may be, on the company's specified immovable properties and specified lease/term loan receivables.

Secured redeemable non convertible debentures public issue :

The Company has utilised fund raised through public issue for the purpose of onward lending, financing, refinancing the existing indebtedness of the Company (payment of interest and/or repayment/prepayment of principal of borrowings) and general corporate purpose. Total unutilised balance amount of ₹ 0.11 crore is in current account (includes ₹ 0.13 crore unutilised from amount raised in previous year).

13(b) Commercial papers (net) as on March 31, 2023

Repayment Term	Tenure	Interest Range	Balance as at March 31, 2023 (₹ in crore)
Bullet	Upto 1 year	upto 7.00%	2,828.68
Bullet	Upto 1 year	7.01%-8.00%	4,597.77
Total 13(b)			**7,426.45**

14 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (i) At amortised cost		
(a) Term loans		
(i) from banks (refer note 14 (a))	20,303.86	20,260.14
(ii) from financial institutions (refer note 14 (b))	4,048.52	6,056.90
(b) External commercial borrowings (refer note 14 (c))	2,105.51	1,802.52
(c) Loan repayable on demand		
(i) from banks (refer note 14 (d))	16,615.58	15,520.56
(d) Collateralized borrowing and lending obligation (refer note 14 (e))	399.18	499.47
(e) Associated liability related to securitisation transactions	957.82	–
Total borrowings other than debt securities at amortised cost (i)	**44,430.47**	**44,139.59**
Total borrowings (other than debt securities) (A)	**44,430.47**	**44,139.59**

Particulars			As at March 31, 2024	As at March 31, 2023
(B)	**(I)**	**Borrowings (other than debt securities) in India**		
		(i) At amortised cost	42,324.96	42,337.07
		(ii) At fair value through profit or loss	–	–
		(iii) Designated at fair value through profit or loss	–	–
		Total borrowings (other than debt securities) in India	**42,324.96**	**42,337.07**
	(II)	**Borrowings (other than debt securities) outside India**		
		(i) At amortised Cost	2,105.51	1,802.52
		(ii) At fair value through profit or loss	–	–
		(iii) Designated at fair value through profit or loss	–	–
		Total borrowings (other than debt securities)	**2,105.51**	**1,802.52**
	Total borrowings (other than debt securities) (B) = (I)+(II)		**44,430.47**	**44,139.59**

14(a) Term loans from bank as on March 31, 2024 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2024 (₹ in crore)
Quarterly	Upto 7.00%	Upto 1 Yrs	155.77
		1 To 3 Yrs	2,342.10
	7.01%-8.00%	Upto 1 Yrs	1,200.21
		1 To 3 Yrs	4,072.16
	8.01%-9.00%	Upto 1 Yrs	686.62
		1 To 3 Yrs	1,515.60
		3 To 5 Yrs	374.80
Semi Annually	Upto 7.00%	Upto 1 Yrs	560.71
		1 To 3 Yrs	971.16
		3 To 5 Yrs	400.00
	7.01%-8.00%	Upto 1 Yrs	25.00
		1 To 3 Yrs	3,319.50
		3 To 5 Yrs	1,473.44
	8.01%-9.00%	1 To 3 Yrs	600.14
		3 To 5 Yrs	1,334.02
Bullet	Upto 7.00%	Upto 1 Yrs	499.90
		1 To 3 Yrs	190.00
	8.01%-9.00%	Upto 1 Yrs	100.00
		1 To 3 Yrs	50.01
Annually	Upto 7.00%	Upto 1 Yrs	25.01
	7.01%-8.00%	1 To 3 Yrs	34.01
	8.01%-9.00%	Upto 1 Yrs	306.70
		1 To 3 Yrs	67.00
Total			**20,303.86**

Notes forming part of standalone financial statements

Nature of Security :

Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

14(b) Term loans from financial institutions as on March 31, 2024 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2024 (₹ in crore)
Quarterly	Upto 7.00%	Upto 1 Yrs	170.64
		1 To 3 Yrs	1,145.50
	7.01%-8.00%	3 To 5 Yrs	1,577.90
	8.01%-9.00%	3 To 5 Yrs	411.40
Semi Annually	Upto 7.00%	Upto 1 Yrs	743.08
Total			**4,048.52**

Nature of Security :

Term loan from financial institutions is secured by hypothecation of specified lease/term loan receivables.

14(c) External commercial borrowings as on March 31, 2024 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2024 (₹ in crore)
Bullet	7.01%-8.00%	1 To 3 Yrs	411.51
	8.01%-9.00%	Upto 1 Yrs	1,064.73
Semi Annually	7.01%-8.00%	3 To 5 Yrs	417.78
	8.01%-9.00%	3 To 5 Yrs	211.49
Total			**2,105.51**

Nature of Security :

External commercial borrowings Loan is secured againt first charge on specific receivables pertaining to Farm Equipments.

14(d) Loan repayable on demand from bank as on March 31, 2024 : Secured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2024 (₹ in crore)
Working Capital Demand Loan	Bullet	Up to 1 Yrs	7.01%-8.00%	935.00
			8.01%-9.00%	4,625.00
			9.01%-10.00%	200.00
Line of Credit (LOC)	Bullet	Up to 1 Yrs	8.01%-9.00%	7,141.49
	Quarterly	Up to 1 Yrs	7.01%-8.00%	115.83
			Upto 7.00%	23.26
Total (A)				**13,040.58**

Nature of Security :

Loan repayable on demand from bank is secured by hypothecation of specified lease/term loan receivables.

Notes forming part of standalone financial statements

Loan repayable on demand as on March 31, 2024: Unsecured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2024 (₹ in crore)
Working Capital Demand Loan	Bullet	Up to 1 Yrs	7.01%-8.00%	500.00
			8.01%-9.00%	100.00
			9.01%-10.00%	2,950.00
Cash Credit	Bullet	Up to 1 Yrs	8.01%-9.00%	25.00
Total (B)				**3,575.00**
Total Loan repayable on demand as on March 31, 2024 (A+B)				**16,615.58**

14(e) Collateralized borrowing and lending obligation as on March 31, 2024: Secured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2024 (₹ in crore)
Collateralized borrowing and lending obligation (TREPS)	Bullet	Up to 1 Yrs	Upto 7.00%	99.80
			7.01%-8.00%	299.39
Total				**399.18**

Nature of Security :

Collateralized borrowing and lending obligation (TREPS) is secured by government securities.

Note: The above outstanding disclosure are presented based on the residual tenure as on the balance sheet date for current and previous year.

14(a) Term loans from bank as on March 31, 2023 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2023 (₹ in crore)
Quarterly	Upto 7.00%	Upto 1 Yrs	356.27
		1 to 3 Yrs	1,203.90
		3 to 5 Yrs	40.63
	7.01%-8.00%	1 to 3 Yrs	4,774.39
		3 to 5 Yrs	1,024.78
	8.01%-9.00%	Upto 1 Yrs	48.61
		1 to 3 Yrs	1,056.56
	9.01%-10.00%	Upto 1 Yrs	7.27
Semi Annually	Upto 7.00%	1 to 3 Yrs	2,593.92
		3 to 5 Yrs	306.67
	7.01%-8.00%	Upto 1 Yrs	469.33
		3 to 5 Yrs	4,382.42
	8.01%-9.00%	Upto 1 Yrs	232.33
		1 to 3 Yrs	1,000.00
		3 to 5 Yrs	250.00
Bullet	Upto 7.00%	1 to 3 Yrs	499.64
		3 to 5 Yrs	474.04
	7.01%-8.00%	Upto 1 Yrs	50.01
	8.01%-9.00%	Upto 1 Yrs	300.01
		1 to 3 Yrs	150.01

Notes forming part of standalone financial statements

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2023 (₹ in crore)
Annually	Upto 7.00%	Upto 1 Yrs	100.01
		1 to 3 Yrs	130.02
	7.01%-8.00%	Upto 1 Yrs	50.01
		1 to 3 Yrs	31.00
	8.01%-9.00%	1 to 3 Yrs	728.32
Total			**20,260.14**

Nature of Security :

Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

14(b) Term loans from financial institutions as on March 31, 2023 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2023 (₹ in crore)
Quarterly	Upto 7.00%	Upto 1 Yrs	125.43
		1 To 3 Yrs	341.28
		3 To 5 Yrs	1,543.86
	7.01%-8.00%	3 To 5 Yrs	1,998.82
	8.01%-9.00%	Above 5 Yrs	501.90
Semi Annually	Upto 7.00%	1 To 3 Yrs	1,545.62
Total			**6,056.90**

Nature of Security :

Term loan from financial institutions is secured by hypothecation of specified lease/term loan receivables.

14(c) External commercial borrowings as on March 31, 2023 : Secured

Repayment Term	Interest Range	Residual Tenure as on the Balance sheet date	Balance as at March 31, 2023 (₹ in crore)
Bullet	Upto 7.00%	Upto 1 Yrs	755.57
	8.01%-9.00%	1 To 3 Yrs	1,046.94
Total			**1,802.52**

Nature of Security :

External commercial borrowings Loan is secured againt first charge on specific receivables pertaining to Farm Equipments.

14(d) Loan repayable on demand from bank as on March 31, 2023 : Secured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2023 (₹ in crore)
Working Capital Demand Loan	Bullet	Up to 1 Yrs	7.01%-8.00%	5,137.40
			8.01%-9.00%	1,429.77
Line of Credit (LOC)	Bullet	Up to 1 Yrs	7.01%-8.00%	2,887.21
			8.01%-9.00%	2,000.53
	Quarterly	1 To 3 Yrs	7.01%-8.00%	295.00
		1 To 3 Yrs	Upto 7.00%	115.63
Total (A)				**11,865.54**

Notes forming part of standalone financial statements

Nature of Security :

Loan repayable on demand from bank is secured by hypothecation of specified lease/term loan receivables..

Loan repayable on demand as on March 31, 2023: Unsecured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2023 (₹ in crore)
Working Capital Demand Loan	Bullet	Up to 1 Yrs	7.01%-8.00%	710.00
			8.01%-9.00%	235.00
			9.01%-10.00%	2,705.00
Cash Credit	Bullet	Up to 1 Yrs	7.01%-8.00%	0.02
			11.01%-12.00	5.00
Total (B)				**3,655.02**
Total Loan repayable on demand as on March 31, 2023 (A+B)				**15,520.56**

14(e) Collateralized borrowing and lending obligation as on March 31, 2023: Secured

Nature	Repayment Term	Residual Tenure as on the Balance sheet date	Interest Range	Balance as at March 31, 2023 (₹ in crore)
Collateralized borrowing and lending obligation (TREPS)	Bullet	Up to 1 Yrs	Upto 7.00%	499.47
Total				**499.47**

Nature of Security :

Collateralized borrowing and lending obligation (TREPS) is secured by government securities.

Note: The above outstanding disclosure are presented based on the residual tenure as on the balance sheet date for current and previous year.

15 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) (I) At amortised cost		
(i) Perpetual debt Instruments to the extent that do not qualify as equity (Refer note 15 (a))	367.36	404.80
(ii) Subordinate debt Instruments (Refer note 15 (b))	2,173.59	2,393.68
Total subordinated liabilities (A) = (i)+(ii)	**2,540.95**	**2,798.48**
(B) (I) Subordinated liabilities in India		
(i) At amortised cost	2,540.95	2,798.48
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Total subordinated liabilities in India (I = i+ii+iii)	**2,540.95**	**2,798.48**

Notes forming part of standalone financial statements

Particulars	As at March 31, 2024	As at March 31, 2023
(II) Subordinated liabilities outside India		
(i) At amortised cost	–	–
(ii) At fair value through profit or loss	–	–
(iii) Designated at fair value through profit or loss	–	–
Total subordinated liabilities in outside India (II = i+ii+iii)	–	–
Total subordinated liabilities (B) = (I)+(II)	**2,540.95**	**2,798.48**

15(a) Unsecured redeemable non convertible debentures as on March 31, 2024 : Perpetual debt instruments

(₹ in crore)

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series X FY 2015-16	₹ 10 Lakh each	27-08-15	158.49	9.90%	27-08-25	Redeemable at par at the end of 3653 days from the date of allotment
Series AL FY 2015-16	₹ 10 Lakh each	18-03-16	49.96	9.50%	18-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series I FY 2015-16	₹ 10 Lakh each	30-03-16	55.08	10.10%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series U FY 2015-16	₹ 10 Lakh each	30-03-16	54.92	9.90%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series AO FY 2015-16	₹ 10 Lakh each	30-03-16	32.73	9.50%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series E FY 2016-17	₹ 10 Lakh each	03-06-16	16.18	9.60%	03-06-26	Redeemable at par at the end of 3652 days from the date of allotment
			367.36			

15(b) Unsecured redeemable non convertible debentures as on March 31, 2024 : Subordinate debt instruments

(₹ in crore)

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series E FY 2014-15	₹ 10 Lakh each	30-06-14	43.14	10.40%	28-06-24	Redeemable at par at the end of 3651 days from the date of allotment
Series N FY 2014-15	₹ 10 Lakh each	13-11-14	103.42	9.10%	13-11-24	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2014-15	₹ 10 Lakh each	31-12-14	51.24	9.95%	31-12-24	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 2014-15	₹ 10 Lakh each	19-01-15	127.11	8.75%	17-01-25	Redeemable at par at the end of 3651 days from the date of allotment
Series O FY 2014-15	₹ 10 Lakh each	29-01-15	101.51	9.35%	29-01-25	Redeemable at par at the end of 3653 days from the date of allotment
Series U FY 2014-15	₹ 10 Lakh each	18-02-15	227.04	8.75%	18-02-25	Redeemable at par at the end of 3653 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series S FY 2014-15	₹ 10 Lakh each	30-03-15	55.00	9.95%	28-03-25	Redeemable at par at the end of 3651 days from the date of allotment
Series A FY 2015-16	₹ 10 Lakh each	17-04-15	108.47	8.90%	17-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2015-16	₹ 10 Lakh each	21-04-15	86.16	8.90%	21-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series D FY 2015-16	₹ 10 Lakh each	22-04-15	48.74	8.90%	22-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series G FY 2015-16	₹ 10 Lakh each	29-04-15	81.10	8.90%	29-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series I FY 2015-16	₹ 10 Lakh each	15-05-15	46.35	8.90%	15-05-25	Redeemable at par at the end of 3653 days from the date of allotment
Series P FY 2015-16	₹ 10 Lakh each	03-06-15	64.34	8.87%	03-06-25	Redeemable at par at the end of 3653 days from the date of allotment
Series H FY 2015-16	₹ 10 Lakh each	14-07-15	14.93	9.32%	14-07-25	Redeemable at par at the end of 3653 days from the date of allotment
Series J FY 2015-16	₹ 10 Lakh each	25-07-15	53.20	9.30%	24-07-25	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2015-16	₹ 10 Lakh each	09-09-15	105.13	9.25%	09-09-25	Redeemable at par at the end of 3653 days from the date of allotment
Series AB FY 2015-16	₹ 10 Lakh each	15-09-15	20.96	8.90%	15-09-25	Redeemable at par at the end of 3653 days from the date of allotment
Series F FY 2015-16	₹ 10 Lakh each	30-01-16	32.52	9.35%	29-01-26	Redeemable at par at the end of 3652 days from the date of allotment
Series G FY 2015-16	₹ 10 Lakh each	09-02-16	18.24	9.35%	09-02-26	Redeemable at par at the end of 3653 days from the date of allotment
Series H FY 2015-16	₹ 10 Lakh each	04-03-16	50.36	9.48%	04-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series M FY 2015-16	₹ 10 Lakh each	23-03-16	100.18	9.30%	23-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series H FY 2016-17	₹ 10 Lakh each	21-07-16	84.83	8.78%	21-07-26	Redeemable at par at the end of 3652 days from the date of allotment
Series U FY 2016-17	₹ 10 Lakh each	04-01-17	127.29	8.05%	04-01-27	Redeemable at par at the end of 3652 days from the date of allotment
Series V FY 2016-17	₹ 10 Lakh each	30-01-17	15.19	8.05%	29-01-27	Redeemable at par at the end of 3651 days from the date of allotment
Series B FY 2018-19	₹ 10 Lakh each	31-10-18	46.60	9.10%	31-10-28	Redeemable at par at the end of 3653 days from the date of allotment
Series B FY 2017-18	₹ 10 Lakh each	14-07-17	63.24	7.80%	13-07-29	Redeemable at par at the end of 4382 days from the date of allotment
Series D FY 2019-20	₹ 10 Lakh each	13-09-19	27.10	8.90%	13-09-29	Redeemable at par at the end of 3653 days from the date of allotment
Series A FY 2020-21	₹ 10 Lakh each	10-06-20	91.39	8.30%	10-06-30	Redeemable at par at the end of 3652 days from the date of allotment
Series F FY 2020-21	₹ 10 Lakh each	20-07-20	105.22	8.15%	19-07-30	Redeemable at par at the end of 3651 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2024 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series K FY 2016-17	₹ 10 Lakh each	09-08-16	26.34	8.65%	08-08-31	Redeemable at par at the end of 5477 days from the date of allotment
Series L FY 2016-17	₹ 10 Lakh each	12-08-16	26.31	8.63%	12-08-31	Redeemable at par at the end of 5478 days from the date of allotment
Series P FY 2016-17	₹ 10 Lakh each	07-09-16	20.94	8.55%	05-09-31	Redeemable at par at the end of 5476 days from the date of allotment
			2,173.59			

15(a) Unsecured redeemable non convertible debentures as on March 31, 2023 : Perpetual debt instruments

(₹ in crore)

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series I FY 2013-14	₹ 10 Lakh each	29-01-14	50.80	10.35%	29-01-24	Redeemable at par at the end of 3652 days from the date of allotment
Series X FY 2015-16	₹ 10 Lakh each	27-08-15	158.22	9.90%	27-08-25	Redeemable at par at the end of 3653 days from the date of allotment
Series AL FY 2015-16	₹ 10 Lakh each	18-03-16	49.82	9.50%	18-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series I FY 2015-16	₹ 10 Lakh each	30-03-16	50.03	10.10%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series U FY 2015-16	₹ 10 Lakh each	30-03-16	49.94	9.90%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series AO FY 2015-16	₹ 10 Lakh each	30-03-16	29.81	9.50%	30-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series E FY 2016-17	₹ 10 Lakh each	03-06-16	16.19	9.60%	03-06-26	Redeemable at par at the end of 3652 days from the date of allotment
			404.80			

15(b) Unsecured redeemable non convertible debentures as on March 31, 2023 : Subordinate debt instruments

(₹ in crore)

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series J FY 2013-14	₹ 10 Lakh each	31-01-14	25.37	9.73%	31-01-24	Redeemable at par at the end of 3652 days from the date of allotment
Series K FY 2013-14	₹ 10 Lakh each	10-02-14	20.24	9.73%	09-02-24	Redeemable at par at the end of 3651 days from the date of allotment
Series L FY 2013-14	₹ 10 Lakh each	18-02-14	20.19	9.73%	16-02-24	Redeemable at par at the end of 3650 days from the date of allotment
Series C FY 2013-14	₹ 10 Lakh each	28-02-14	25.24	10.90%	28-02-24	Redeemable at par at the end of 3652 days from the date of allotment
Series O FY 2013-14	₹ 10 Lakh each	04-03-14	5.03	9.73%	04-03-24	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2013-14	₹ 10 Lakh each	14-03-14	30.10	9.73%	14-03-24	Redeemable at par at the end of 3653 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series F FY 2013-14	₹ 10 Lakh each	27-03-14	50.07	10.90%	27-03-24	Redeemable at par at the end of 3653 days from the date of allotment
Series I FY 2013-14	₹ 10 Lakh each	27-03-14	50.07	10.35%	27-03-24	Redeemable at par at the end of 3653 days from the date of allotment
Series E FY 2014-15	₹ 10 Lakh each	30-06-14	43.13	10.40%	28-06-24	Redeemable at par at the end of 3651 days from the date of allotment
Series N FY 2014-15	₹ 10 Lakh each	13-11-14	103.28	9.10%	13-11-24	Redeemable at par at the end of 3653 days from the date of allotment
Series M FY 2014-15	₹ 10 Lakh each	31-12-14	51.21	9.95%	31-12-24	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 2014-15	₹ 10 Lakh each	19-01-15	126.99	8.75%	17-01-25	Redeemable at par at the end of 3651 days from the date of allotment
Series O FY 2014-15	₹ 10 Lakh each	29-01-15	101.35	9.35%	29-01-25	Redeemable at par at the end of 3653 days from the date of allotment
Series U FY 2014-15	₹ 10 Lakh each	18-02-15	226.68	8.75%	18-02-25	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 2014-15	₹ 10 Lakh each	30-03-15	50.03	9.95%	28-03-25	Redeemable at par at the end of 3651 days from the date of allotment
Series A FY 2015-16	₹ 10 Lakh each	17-04-15	108.41	8.90%	17-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series C FY 2015-16	₹ 10 Lakh each	21-04-15	86.13	8.90%	21-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series D FY 2015-16	₹ 10 Lakh each	22-04-15	48.74	8.90%	22-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series G FY 2015-16	₹ 10 Lakh each	29-04-15	81.11	8.90%	29-04-25	Redeemable at par at the end of 3653 days from the date of allotment
Series I FY 2015-16	₹ 10 Lakh each	15-05-15	46.32	8.90%	15-05-25	Redeemable at par at the end of 3653 days from the date of allotment
Series P FY 2015-16	₹ 10 Lakh each	03-06-15	64.34	8.87%	03-06-25	Redeemable at par at the end of 3653 days from the date of allotment
Series H FY 2015-16	₹ 10 Lakh each	14-07-15	14.93	9.32%	14-07-25	Redeemable at par at the end of 3653 days from the date of allotment
Series J FY 2015-16	₹ 10 Lakh each	25-07-15	53.18	9.30%	24-07-25	Redeemable at par at the end of 3652 days from the date of allotment
Series J FY 2015-16	₹ 10 Lakh each	09-09-15	105.17	9.25%	09-09-25	Redeemable at par at the end of 3653 days from the date of allotment
Series AB FY 2015-16	₹ 10 Lakh each	15-09-15	20.95	8.90%	15-09-25	Redeemable at par at the end of 3653 days from the date of allotment
Series F FY 2015-16	₹ 10 Lakh each	30-01-16	32.50	9.35%	29-01-26	Redeemable at par at the end of 3652 days from the date of allotment
Series G FY 2015-16	₹ 10 Lakh each	09-02-16	18.24	9.35%	09-02-26	Redeemable at par at the end of 3653 days from the date of allotment
Series H FY 2015-16	₹ 10 Lakh each	04-03-16	50.34	9.48%	04-03-26	Redeemable at par at the end of 3652 days from the date of allotment
Series M FY 2015-16	₹ 10 Lakh each	23-03-16	100.23	9.30%	23-03-26	Redeemable at par at the end of 3652 days from the date of allotment

Notes forming part of standalone financial statements

Series details	Face value per debenture	Date of allotment	Balance as at March 31, 2023 (₹ in crore)	Interest rate % p.a.	Date of redemption	Redeemable terms
Series H FY 2016-17	₹ 10 Lakh each	21-07-16	84.79	8.78%	21-07-26	Redeemable at par at the end of 3652 days from the date of allotment
Series U FY 2016-17	₹ 10 Lakh each	04-01-17	127.22	8.05%	04-01-27	Redeemable at par at the end of 3652 days from the date of allotment
Series V FY 2016-17	₹ 10 Lakh each	30-01-17	15.18	8.05%	29-01-27	Redeemable at par at the end of 3651 days from the date of allotment
Series B FY 2018-19	₹ 10 Lakh each	31-10-18	46.57	9.10%	31-10-28	Redeemable at par at the end of 3653 days from the date of allotment
Series B FY 2017-18	₹ 10 Lakh each	14-07-17	63.21	7.80%	13-07-29	Redeemable at par at the end of 4382 days from the date of allotment
Series D FY 2019-20	₹ 10 Lakh each	13-09-19	27.07	8.90%	13-09-29	Redeemable at par at the end of 3653 days from the date of allotment
Series A FY 2020-21	₹ 10 Lakh each	10-06-20	91.33	8.30%	10-06-30	Redeemable at par at the end of 3652 days from the date of allotment
Series F FY 2020-21	₹ 10 Lakh each	20-07-20	105.14	8.15%	19-07-30	Redeemable at par at the end of 3651 days from the date of allotment
Series K FY 2016-17	₹ 10 Lakh each	09-08-16	26.33	8.65%	08-08-31	Redeemable at par at the end of 5477 days from the date of allotment
Series L FY 2016-17	₹ 10 Lakh each	12-08-16	26.31	8.63%	12-08-31	Redeemable at par at the end of 5478 days from the date of allotment
Series P FY 2016-17	₹ 10 Lakh each	07-09-16	20.93	8.55%	05-09-31	Redeemable at par at the end of 5476 days from the date of allotment
			2,393.68			

16 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposit and margin money received	10.08	10.76
Unclaimed matured debentures	166.34	181.20
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.78
Unclaimed dividend on equity shares	1.12	1.17
Bank book credit balance	459.65	–
Liability for expenses*	328.11	277.71
Short term obligation	28.34	11.47
Other payables	57.35	59.24
Total other financial liabilities	**1,051.77**	**542.33**

*Include unspent amount for CSR expenses amounting to Nil in current year (previous year ₹ 1.40 crore) (refer note 36).

Notes forming part of standalone financial statements

17 Provisions

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Compensated absences	25.54	20.33
Gratuity (refer note 34)	8.68	11.83
Super annuation fund	0.28	0.29
Total provisions	**34.50**	**32.45**

18 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	71.86	48.37
Total other non-financial liabilities	**71.86**	**48.37**

19 Equity share capital

(a) Share capital authorised, issued, subscribed and paid up:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares*	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised				
Equity shares of ₹10 each	10,87,45,59,610	10,874.56	5,00,00,00,000	5,000.00
Preference shares of ₹ 10,00,000 each	10,000	1,000.00	–	–
Preference shares of ₹ 100 each	50,12,00,000	5,012.00	50,00,00,000	5,000.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each fully paid up	2,48,89,40,310	2,488.94	2,47,96,71,117	2,479.67
		2,488.94		**2,479.67**

*The authorized share capital of the Company has been increased w.e.f. December 4, 2023 being the effective date of merger of L&T Finance Limited, L&T Infra Credit Limited, L&T Mutual Fund Trustee Limited with the Company (refer note 55).

(b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04
Add: Shares issued on exercise of employee stock options during the year	92,69,193	9.27	56,35,629	5.63
At the end of the year	**2,48,89,40,310**	**2,488.94**	**2,47,96,71,117**	**2,479.67**

Notes forming part of standalone financial statements

(c) Terms/rights attached to equity shares

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

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

(d) Shares held by Promoters

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee (Equity shares of ₹ 10 each fully paid up)	1,63,92,30,125	65.86%	1,63,92,29,920	66.11%

There is 0.25% change in equity shares holding during the year by Promoters.

(e) Shares held by holding company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee (Equity shares of ₹ 10 each fully paid up)	1,63,92,30,125	1,639.23	1,63,92,29,920	1,639.23

(f) Shareholder holding more than 5% of equity shares as at the end of the year:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee (Equity shares of ₹ 10 each fully paid up)	1,63,92,30,125	65.86%	1,63,92,29,920	66.11%

(g) Details of shares reserved to be issued under ESOP:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity shares of ₹ 10 each	2,23,25,003	22.33	2,81,02,494	28.10

(h) Capital Management

– The objective of the Company's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The debt equity ratio is 3.30 as at March 31, 2024 (as at March 31, 2023 was 3.90).

– During the year ended March 31, 2024, the Company has paid the final dividend of ₹ 2.00 per equity share for the year ended March 31, 2023 amounting to ₹ 496.61 crore. (PY 2022-23 - ₹ 123.75 crore).

The Compnay has proposed a final dividend of ₹ 2.50 per share in the Board meeting subject to approval from shareholders.

(I) Employee Stock Option Scheme

– The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme–2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.

– Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

– The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or w.e.f. July 10,2019 ₹ 10 respectively.

– During the year ended March 31, 2024 4,98,750 and 87,70,443 options were allotted under the scheme 2010 and 2013 respectively.

– The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2023-24	2022-23	2023-24	2022-23
Options granted and outstanding at the beginning of the year	5,63,750	9,48,250	2,75,38,744	4,01,58,040
Options granted during the year	–	–	67,41,444	8,21,880
Options cancelled/ lapsed during the year	–	1,88,000	32,49,742	80,02,047
Options exercised during the year	4,98,750	1,96,500	87,70,443	54,39,129
Options granted and outstanding at the end of the year of which:				
– Options vested	65,000	4,85,000	1,13,32,467	1,83,45,892
– Options yet to vest	–	78,750	1,09,27,536	91,92,852
Weighted average remaining contractual life of options (in years)	0.75	2.81	4.18	4.78

Notes forming part of standalone financial statements

- During the year, the Company has debited to the Statement of Profit and Loss ₹ 38.01 crore (previous year ₹ 25.74 crore) {net of recovery from its subsidiary companies during the year ₹ -0.16 (Previous year ₹ -0.09 crore)} towards the stock options granted to their employees, pursuant to the employee stock option schemes.
- Weighted average fair values of options granted during the year is ₹ 118.74 (Previous year: ₹ 69.48) per options.
- The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2023-24	2022-23
Weighted average risk-free interest rate	7.20%	6.65%
Weighted average expected life of options	2.77 years	2.75 years
Weighted average expected volatility	36.53%	39.16%
Weighted average expected dividend over the life of the options (₹)	5.54 per option	2.66 per option
Weighted average share price (₹)	131.38 per option	79.87 per option
Weighted average exercise price (₹)	10 per option	10 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

20 Other equity

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital redemption reserve	72.05	72.05
Debenture redemption reserve[1]	0.29	1.14
Securities premium[2]	12,464.39	12,373.58
Capital reserve[3]	–	–
General reserve[4]	391.65	379.30
Reserve u/s 45 IC of Reserve Bank of India Act, 1934[5]	3,137.70	2,680.45
Reserve u/s 29C of National Housing Bank,1987[6]	27.42	27.42
Reserve u/s 36(1)(viii) of Income tax Act, 1961[7]	1,051.28	1,031.28
Amalgamation adjustment account[8]	–	–
Retained earnings[9]	3,422.21	2,106.29
Employee stock option outstanding account[10]	109.69	141.03
Impairment reserve[11]	32.39	32.39
Change in fair value of debt instruments classified at fair value through other comprehensive income	1.41	(7.53)
Cash flow hedging reserve	(4.46)	1.77
Total other equity	**20,706.02**	**18,839.17**

Notes forming part of standalone financial statements

Notes:

1. **Debenture Redemption Reserve:** The Ministry of Corporate Affairs vide notification dated August 16, 2019, amended the Companies (Share capital and Debenture) Rules, 2014 by which the Company is no longer required to create DRR towards the debentures issued. Earlier to this amendment, the Company was required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis and the amounts credited to the DRR was not to be utilised by the Company except to redeem debentures. The above amount represents the DRR created out of profits of the Company prior to the said notification.
2. **Securities Premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
3. **Capital Reserve:** It represents the gains of capital nature which mainly include the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transactions.
4. **General Reserve:** The Companies (Transfer of Profits to Reserves) Rules, 1975 read with Section 205(2A) of the Companies Act, 1956, prohibited declaration of dividend for any financial year out of profits of the company for that year except after the transfer of a specified percentage of the profits not exceeding 10%, to its reserves. Amounts were transferred to General Reserve to comply with these provisions. The Companies Act, 2013, does not mandate such a transfer.General reserve is a free reserve available to the Company.
5. **Reserve u/s 45 IC of Reserve Bank of India Act, 1934:** The Company created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.
6. **Reserve u/s 29C of National Housing Bank, 1987:** During the financial year 2020-21, upon amalgamation of the erstwhile L&T Housing Finance Limited (the "Transferor Companies") with L&T Finance Limited (the "Transferee Company"), the statutory reserves (i.e. Reserve under section 29C of National Housing Bank, 1987) of the Transferor Companies is also transfer to the Transferee Company.
7. **Reserve u/s 36(1)(viii) of Income Tax Act, 1961:** In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) is carried to such reserve account.
8. **Amalgamation Adjustment Account:** Upon amalgamation of the erstwhile L&T Finance Limited and the erstwhile L&T Fincorp Limited (the "Transferor Companies") with Family Credit Limited (the "Transferee Company" which was renamed as L&T Finance Limited") the statutory reserves (i.e. Debenture Redemption Reserve, Reserve under section 45 IC of the Reserve Bank of India Act, 1934 and Reserve under section 36(1)(viii) of the Income tax Act, 1961) of the Transferor Companies as on April 01, 2016 (the Appointed Date") with a corresponding debit to Amalgamation Adjustment Account. As the corresponding statutory reserve unwind, the Amalgamation Adjustment Account is also reversed.
9. **Retained Earnings:** Retained earnings represent the amount of accumulated earnings of the Company.
10. **Employee Stock Option Outstanding Account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.
11. **Impairment Reserve:** As per the RBI circular RBI/2019-20/170 dated March 13, 2020, where the guidelines require NBFCs to hold impairment allowances as required by Ind AS. In parallel NBFCs are required to compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). A comparison, as prescribed, between provisions required under IRACP and

Notes forming part of standalone financial statements

impairment allowances made under Ind AS 109 is required to be disclosed by NBFCs in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses. Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs are required to appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI. The said reserve was created in LTICL and the company previously, which has been now carried forward to amalgamated Company (refer note 55).

21 Interest Income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i) On financial assets measured at amortised cost		
- Interest on loans	11,150.11	9,358.87
- Interest on deposits with banks	264.30	174.76
- Other interest income	8.00	7.50
Total interest income on financial assets measured at amortised cost (i)	**11,422.41**	**9,541.13**
(ii) On financial assets measured at fair value through other comprehensive income		
- Interest income from investments	186.86	169.83
Total interest income on financial assets measured at fair value through other comprehensive income (ii)	**186.86**	**169.83**
(iii) On financial assets classified at fair value through profit or loss		
- Interest on loans	1,286.18	2,838.58
- Interest income from investments	17.34	21.42
Total interest income on financial assets classified at fair value through profit or loss (iii)	**1,303.52**	**2,860.00**
Total interest income (i+ii+iii)	**12,912.79**	**12,570.96**

22 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Dividend income on equity shares	–	191.49
Total dividend income	**–**	**191.49**

23 Rental income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Lease rental income	–	0.22
Total rental income	**–**	**0.22**

Notes forming part of standalone financial statements

24 Fees and commission income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Consultancy fees and financial advisory fee	–	3.05
Distribution income	498.87	–
Other financial activities	162.77	132.48
Total fees and commission income	**661.64**	**135.53**

25 Other income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Income on cross sell	444.93	521.74
Profit on sale of property, plant and equipment (net)	–	2.97
Other income	24.44	2.54
Total other income	**469.37**	**527.25**

26 Finance costs

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial liabilities measured at amortised cost		
Interest on debt securities	2,447.33	2,995.38
Interest on borrowings	2,647.38	2,444.27
Interest on subordinated liabilities	247.08	317.65
Other interest expense	35.38	39.94
Total finance costs	**5,377.17**	**5,797.24**

27 Net loss on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(A) Net (gain)/loss on financial instruments classified at fair value through profit or loss on trading portfolio		
– Investment	1,029.70	1,021.37
– Loans	(675.20)	(541.61)
Total (A)	**354.50**	**479.76**
(B) Net (gain)/loss on disposal of financial instruments classified at fair value through other comprehensive income		
– (Gain)/loss on sale of Investments	6.52	18.81
– Derivatives	4.01	(3.91)
Total (B)	**10.53**	14.90
Total net loss on fair value changes (A+B)	**365.03**	**494.66**

Notes forming part of standalone financial statements

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(C) Fair value changes:		
– Realised	1,194.03	(167.51)
– Unrealised	(829.00)	662.17
Total net loss on fair value changes (C)	**365.03**	**494.66**

28 Net loss on derecognition of financial instruments under amortised cost category

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on foreclosure and writeoff of loan	1,465.37	1,859.06
Less: Provision held reversed on derecognition of financial instruments	(1,007.66)	(1,499.37)
Total net loss on derecognition of financial instruments under amortised cost category	**457.71**	**359.69**

29 Impairment on financial instruments

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial instruments measured at amortised cost:		
– Loans	1,258.79	1,558.26
– Trade receivables	6.01	4.92
– Others	53.60	–
Total impairment on financial instruments	**1,318.40**	**1,563.18**

30 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries	1,621.57	1,254.24
Contribution provident and pension fund (refer note: 34)	56.67	47.14
Contribution to gratuity fund (refer note: 34)	12.34	10.66
Contribution to superannuation fund	0.29	0.27
Share based payments to employees (refer note: 19)	38.01	26.66
Staff welfare expenses	75.29	64.25
Total employee benefits expenses	**1,804.17**	**1,403.22**

31 Depreciation, amortization and impairment

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on property, plant and equipment (refer note: 9)	16.58	10.80
Depreciation on Right of use assets (refer note : 35)	13.79	14.06
Amortisation of Intangible assets (refer note: 10)	78.33	81.23
Total depreciation, amortization and impairment	**108.70**	**106.09**

Notes forming part of standalone financial statements

32 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent	87.73	61.39
Rates and taxes	46.71	1.16
Repairs and maintenance	71.60	63.38
Advertisement and publicity	103.41	60.14
Printing and stationery	10.74	10.33
Telephone and postage	8.41	6.51
Directors sitting fees	1.06	1.13
Auditor's remuneration (refer footnote)	2.35	2.29
Legal and professional charges	534.53	599.09
Insurance	5.53	3.40
Electricity charges	5.26	4.17
Travelling and conveyance	52.72	38.97
Stamping charges	0.58	0.82
Collection charges	520.30	419.61
Loan processing charges	13.39	10.54
Corporate social responsibility expenses (refer note: 36)	1.23	17.46
Donation	–	0.62
Bank charges	9.47	14.43
Non executive directors remunerations	1.47	2.83
Listing and custodian charges	0.60	0.97
Loss on sale of property, plant and equipment (net)	0.63	–
Brand license fees	130.03	22.66
Miscellaneous expenses	18.23	6.64
Total other expenses	**1,625.98**	**1,348.54**
footnote: Auditor's remuneration comprises the following*		
Statutory audit fees	0.71	0.66
Limited review fees	0.90	0.67
Tax audit Fees	0.12	0.10
Certification and other service	0.25	0.45
Expenses reimbursed	0.18	0.22
GST/Service tax (net of input credit)	0.19	0.19
	2.35	**2.29**

* Note: Auditors remuneration includes fees paid to merging entities's auditors.

Notes forming part of standalone financial statements

33 Disclosure pursuant to Ind AS 24 "Related Party Disclosures"

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

A. Holding Company

1 Larsen & Toubro Limited

B. Subsidiary Companies

1 L&T Infra Investment Partners Advisory Private Limited

2 L&T Infra Investment Partners Trustee Private Limited

3 L&T Infra Investment Partners

4 L&T Financial Consultants Limited

5 L&T Investment Management Limited *(Ceased with effect from November 25, 2022)*

C. Fellow Subsidiary Companies

1 LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)

2 Larsen & Toubro Electromech LLC

3 L&T Hydrocarbon Engineering Limited

4 L&T Technology Services Limited

D. Key Management Personnel

1 Mr S. N. Subrahmanyan

2 Mr. R. Shankar Raman

3 Mr. Sudipta Roy *(Appointed as MD& CEO with effect from January 24, 2024)*

4 Mr Dinanath Dubhashi *(Ceased to be a MD & CEO w.e.f January 23, 2024 and appointed as Whole-time Director of the Company with effect from January 24, 2024)*

5 Mr. S. V. Haribhakti

6 Dr. (Mrs.) Rajani R Gupte

7 Dr. R Seetharaman *(Appointed as Independent Director with effect from January 23, 2024)*

8 Mr. P. V. Bhide *(Reappointed as an Independent Director from March 18, 2022)*

9 Mr. Thomas Mathew T. *(Appointed as Independent Director with effect from April 12, 2021)*

10 Ms. Nishi Vasudeva *(Appointed as Independent Director with effect from March 15, 2024)*

11 Mr. Pavinder Singh

12 Mr. Prabhakar B. *(Ceased to be Non-executive Director w.e.f July 11, 2022)*

Notes forming part of standalone financial statements

(b) Disclosure of related party transactions : (₹ in crore)

Sr. No.	Nature of transaction[1]	2023–24	2022–23
1	**Inter corporate deposits disbursed**		
	L&T Financial Consultants Limited	–	284.58
2	**Inter corporate deposits repaid**		
	L&T Financial Consultants Limited	–	396.45
3	**Rent and maintenance cost paid to**		
	L&T Financial Consultants Limited	52.72	45.33
	L&T Investment Management Limited	–	0.04
	Larsen & Toubro Limited	1.52	0.27
4	**Rent and maintenance cost recovered from**		
	L&T Investment Management Limited	–	1.50
5	**Other expenses paid to**		
	Larsen & Toubro Limited	–	0.03
	L&T Financial Consultants Limited	–	0.18
6	**Professional charges paid to**		
	Larsen & Toubro Limited	5.48	4.09
7	**IT professional charges paid to**		
	Larsen & Toubro Limited	1.58	1.52
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	16.68	1.78
8	**Brand license fees paid to**		
	Larsen & Toubro Limited	119.29	20.77
9	**Investment/(Redemption) in Units**		
	L&T Infra Investment Partners	3.66	(4.31)
10	**ESOP charges recovered**		
	L&T Investment Management Limited	–	(0.92)
	L&T Financial Consultants Limited	(0.16)	(0.09)
11	**Corporate support charges recovered from**		
	L&T Infra Investment Partners Advisory Private Limited	2.32	2.02
	L&T Investment Management Limited	–	22.20
	Larsen & Toubro Limited	–	1.16
12	**Purchase of consumables / materials from**		
	Larsen & Toubro Limited	0.11	1.91
13	**Security deposit Paid/(Received)**		
	L&T Financial Consultants Limited	2.90	0.72
14	**Interest income on inter corporate deposit**		
	L&T Financial Consultants Limited	–	5.84
15	**Management fees income**		
	L&T Investment Management Limited	–	0.38

Notes forming part of standalone financial statements

Sr. No.	Nature of transaction[1]	2023–24	2022–23
16	**Dividend income**		
	L&T Financial Consultants Limited	–	69.38
	L&T Investment Management Limited	–	122.11
17	**Interest on non convertible debenture (Borrowings)**		
	Larsen & Toubro Limited	43.23	71.23
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	7.51	5.80
	L&T Technology Services Limited	1.62	7.97
18	**Employee Cost Reiumbursed**		
	L&T Infra Investment Partners Advisory Private Limited	0.76	–
	L&T Infra Investment Partners Trustee Private Limited	0.17	–

19 Compensation Paid to Key Managerial Personnel[2]

Name of Key Management Personnel	2023-24				2022-23			
	Short-Term Employee Benefits	Post Employment Benefits	Other Long Term Benefits	Total	Short-Term Employee Benefits	Post Employment Benefits	Other Long Term Benefits	Total
Mr. Dinanath Dubhashi	26.34	–	–	26.34	13.03	–	–	13.03
Mr. Sudipta Roy	0.73	–	–	0.73	–	–	–	–
Mr. P. V. Bhide	0.56	–	–	0.56	0.57	–	–	0.57
Dr (Mrs). Rajni R Gupte	0.51	–	–	0.51	0.56	–	–	0.56
Mr. Pavninder Singh	0.26	–	–	0.26	0.19	–	–	0.19
Mr. Prabhakar B.	–	–	–	–	0.06	–	–	0.06
Mr. S. V. Haribhakti	0.42	–	–	0.42	0.40	–	–	0.40
Mr. Thomas Mathew T.	0.67	–	–	0.67	0.69	–	–	0.69
Ms. Nishi Vasudeva	0.34	–	–	0.34	0.54	–	–	0.54
Dr. R. Seetharaman	0.04	–	–	0.04	–	–	–	–

(c) Amount due to/from related parties: (₹ in crore)

Sr. No.	Nature of transactions	As at March 31, 2024	As at March 31, 2023
1	**Investment in subsidiaries**		
	L&T Infra Investment Partners Advisory Private Limited	5.00	5.00
	L&T Infra Investment Partners Trustee Private Limited	0.10	0.10
	L&T Financial Consultants Limited	162.75	162.75
2	**Investment in units of fund**		
	L&T Infra Investments Partner	72.76	110.15
3	**Non convertible debenture (Borrowings) from[3]**		
	Larsen & Toubro Limited	310.38	955.38
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	124.50	69.60
	L&T Technology Services Limited	25.00	25.00

Notes forming part of standalone financial statements

Sr. No.	Nature of transactions	As at March 31, 2024	As at March 31, 2023
4	**Interest accrued on non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	18.07	38.78
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	5.87	2.43
	L&T Technology Services Limited	0.10	0.10
5	**Rent deposit to**		
	L&T Financial Consultants Limited	21.16	18.24
6	**Account payable**		
	Larsen & Toubro Electromech LLC	0.01	0.01
	L&T Hydrocarbon Engineering Limited	0.02	0.02
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	13.71	0.10
	L&T Financial Consultants Limited	0.01	–
	Larsen & Tourbo Limited	0.98	0*
7	**Account receivable**		
	Larsen & Toubro Limited	–	2.63
	L&T Infra Investment Partners Advisory Private Limited	0.65	–
	L&T Infra Investment Partners Trustee Private Limited	0.05	–
	L&T Infra Investment Partners	1.75	–
8	**Brand License Fees payable**		
	Larsen & Toubro Limited	118.10	22.67

*less than 50,000

Notes:

1 Transactions shown above are excluding GST, if any.

2 Managerial Remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the company as a whole and includes director sitting fees.

3 The above NCD balance includes purchase and sale from primary & secondary market.

34 Disclosure pursuant to Ind AS 19 “Employee Benefits”

(i) Defined Contribution Plan:

The Company’s state governed provident fund scheme are defined contribution plan for its employees and for a certain categories of employees made to a trust viz. the Larsen & Toubro Officers & Supervisory Staff Provident Fund constituted by the ultimate parent company, which is permitted under The employee’s Provident Funds and Miscellaneous Provisions Act, 1952. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vets immediately on rendering of services by the employee. In addition to the above, information relating to the scheme operated by the trust constituted by the holding company is given in the note (iii) below.

The Company has recognised charges of ₹ 56.67 crore (previous year: ₹ 47.14 crore) for provident fund contribution, is included in “Note 30 Employee Benefits Expenses” in the Statement of Profit and Loss.

Notes forming part of standalone financial statements

(ii) Defined Benefits Gratuity Plan :

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days last salary drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972. These benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and investment risk.

(a) The amounts recognised in Balance Sheet are as follows: (₹ in crore)

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
A)	**Present Value of Defined Benefit Obligation**		
	– Wholly funded	60.19	48.21
	– Wholly unfunded	–	–
		60.19	**48.21**
	Less : Fair value of plan assets	(51.51)	(36.38)
	Amount to be recognised as liability or (asset)	**8.68**	**11.83**
B)	**Amounts reflected in Balance Sheet**		
	Liabilities	8.68	**11.83**
	Assets	–	–
	Net liability	**8.68**	**11.83**

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

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
1	Current Service Cost	12.34	10.66
2	Net Interest Cost	0.75	0.39
3	Actuarial losses/(gains):		
	i) Actuarial (gains)/losses arising from changes in financial assumptions	**0.39**	**(3.33)**
	ii) Actuarial (gains)/losses arising from changes in demographic assumptions	(2.31)	–
	iii) Actuarial (gains)/losses arising from changes in experience adjustments	(0.10)	3.21
	iv) Actuarial losses/(gains) – difference between actuarial return on plan assets	(2.67)	1.40
	v) Adjustment to recognize as asset celing	–	–
4	Past Service Cost	–	–
	Total (1 to 4)	**8.40**	**12.33**
i	Amount included in "employee benefits expenses"	12.34	10.66
ii	Amount included in as part of "finance cost"	0.75	0.39
iii	Amount included as part of "other comprehensive income"	(4.69)	1.28
	Total (i + ii + iii)	**8.40**	**12.33**

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows: (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the present value of defined benefit obligation	48.21	41.37
Add : Current Service Cost	12.34	10.66
Add : Interest Cost	3.12	2.23
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.39	(3.27)
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	(2.31)	–
iii) Actuarial (gains)/losses arising from changes in experience adjustments	(0.10)	3.15
Less : Benefits paid	**(1.46)**	(6.19)
Add : Past service cost	**–**	–
Add : Liability assumed/(settled)*	**–**	0.26
Closing balance of the present value of defined benefit obligation	**60.19**	**48.21**

*On account of business combination or inter group transfer

Note: The company expects to fund ₹ 8.68 crore (pervious year ₹ 11.83 crore) towards its gratuity plan and ₹ Nil (pervious year ₹ Nil) towards its Trust managed provident fund plan during FY 2024-25.

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows: (₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the fair value of the plan assets	36.38	33.10
Add : interest income of plan assets	2.37	1.83
Add/(less) : Actuarial gains/(losses)		0.03
Difference between actual return on plan assets and interest income	2.67	(1.42)
Add : Contribution by the employer	11.55	9.03
Less : Benefits paid	(1.46)	(6.19)
Add: Assets acquired/(settled)*	–	–
Closing balance of the fair value of the plan assets	**51.51**	**36.38**

*On account of business combination or inter group transfer

Notes forming part of standalone financial statements

(e) The fair value of major categories of plan assets are as follows: (₹ in crore)

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
1	Government of India Securities	1.23	1.31
2	Insurer managed funds - unquoted	42.60	27.97
3	Others debt instruments	0.58	1.08
4	Others - unquoted	**7.10**	**6.02**
	Total plan assets	**51.51**	**36.38**

(f) Principal actuarial assumptions at the valuation date: (₹ in crore)

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
1	Discount rate	7.15%	7.30%
2	Salary escalation rate	9.00%	9.00%

(A) Discount rate:

The discount rate based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

(B) Salary escalation rate:

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(g) Attrition Rate:

The attrition rate varies from 6% to 44% (previous year: 6% to 31%) for various age groups.

(h) Mortality:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

(i) Sensitivity Analysis:

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation: (₹ in crore)

	Particulars	Gratuity Plan			
		Effect of 1% Increase		Effect of 1% Decrease	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
1	Impact of change in discount rate	(2.50)	**(2.06)**	2.66	**2.26**
2	Impact of change salary escalation rate	2.74	**2.20**	(2.49)	**(2.05)**

Notes forming part of standalone financial statements

(iii) Defined Benefits Provident Fund Plan

In respect of the contribution by the employer and employee to the provident fund trust constituted by the ultimate parent company, in terms of the guidance note issued by the Institution of Actuarial of India for the measurement of provident fund liabilities, the actuary engaged by the Company has provide the following information in this regards:

(a) The amounts recognised in Balance Sheet are as follows: (₹ in crore)

	Particulars	Provident Fund Plan	
		As at March 31, 2024	**As at March 31, 2023**
A)	**Present Value of Defined Benefit Obligation**		
	– Wholly funded	14.73	15.45
	– Wholly unfunded	–	–
		14.73	**15.45**
	Assets acquired on acquisition		
	Less : Fair Value of plan assets	(15.40)	(15.80)
	Add : Amount not recognised as an asset	–	–
	Amount to be recognised as liability or (asset)	**(0.67)**	**(0.35)**
B)	**Amounts reflected in Balance Sheet**		
	Liabilities	–	–
	Assets	(0.67)	(0.35)
	Net liability/(asset)	**(0.67)**	**(0.35)**

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

	Particulars	Provident Fund Plan	
		As at March 31, 2024	**As at March 31, 2023**
1	Current Service Cost	–	–
2	Interest Cost	1.15	1.19
3	Interest Income on Plan Assets	–	–
4	Expected return on Plan Assets	**(1.15)**	**(1.19)**
5	Actuarial losses/(gains)	(0.31)	**(0.80)**
6	Actuarial gain/(loss) not recognised in Books	**0.31**	**0.80**
	Total (1 to 6)	**–**	**–**
i	Amount included in "Employee Benefit Expenses"	–	–
ii	Amount included in as part of "Finance Cost"	–	–
iii	Amount included as part of "Other Comprehensive Income"	–	–
	Total (i + ii + iii)	**–**	**–**

Notes forming part of standalone financial statements

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the present value of defined benefit obligation	15.44	15.15
Add : Assets acquired on acquisition	–	–
Add : Current Service Cost	–	–
Add : Interest Cost	**1.15**	**1.19**
Add : Actuarial (gains)/losses		–
i) Actuarial (gains)/losses arising from changes in financial assumptions	–	–
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	–	–
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**–**	–
Less : Benefits paid	**(1.26)**	**(0.87)**
Add : Contribution by the employer	**–**	–
Add : Liability assumed/(settled)*	**(0.61)**	(0.03)
Closing balance of the present value of defined benefit obligation	**14.73**	**15.44**

*On account of business combination or inter group transfer

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in crore)

Particulars	Provident Fund Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the fair value of the plan assets	15.80	16.31
Add : Assets acquired on acquisition	–	–
Add : interest income of plan assets	1.15	1.19
Add/(less) : Actuarial gains/(losses)		
Difference between actual return on plan assets and interest income	0.31	(0.80)
Add : Contribution by the employer	–	–
Add/(less) : Contribution by plan participants	–	–
Less : Benefits paid	(1.26)	(0.87)
Add: Assets acquired/(settled)*	(0.61)	(0.03)
Closing balance of plan assets	**15.39**	**15.80**

*On account of business combination or inter group transfer

Notes forming part of standalone financial statements

(e) The fair value of major categories of plan assets are as follows: (₹ in crore)

	Particulars	Provident Fund Plan	
		As at March 31, 2024	As at March 31, 2023
1	Government of India Securities	6.91	7.17
2	Corporate Bonds	5.15	5.09
3	Special Deposit Scheme	0.33	0.46
4	Public Sector Unit Bond	0.53	1.02
5	Others	2.47	2.06
	Total plan assets	**15.39**	**15.80**

(f) Principal actuarial assumptions at the valuation date: (₹ in crore)

	Particulars	Provident Fund Plan	
		As at March 31, 2024	As at March 31, 2023
1	Discount rate for the term of the obligation	7.18%	7.46%
2	Average historic yield on the investment portfolio	8.06%	8.35%
3	Discount rate for the remaining term to maturity of the investment portfolio	7.20%	7.40%
4	Future derived return on assets	8.04%	8.41%
5	Guaranteed rate of return	8.25%	8.15%

(A) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the valuation date for the estimated term of the obligations.

(B) Average historic yield on the investment portfolio:

The average rate of return earned on the investment portfolio of provident fund in the previous three years.

(C) Expected investment return:

Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio & discount rate for the remaining term to maturity of the investment portfolio.

(D) Guaranteed rate of return:

The Regional Provident Fund Commissioner has not yet declared the interest rate for its own subscribers for the current financial year 2023-24.

However, in view of the fall in equity values as at March 31, 2024 and fall in the returns on fixed income instruments, we are of the view that going forward the future guaranteed rate is unlikely to be in excess of 8.25% p.a. (previous year: 8.15% p.a.).

Notes forming part of standalone financial statements

35 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 - Leases

I) Company as Lessee

a) Operating Lease

i) The company has taken various assets on lease such as buildings and office premises. Generally, leases are renewed only on mutual consent and at a prevalent market price.

ii) Details with respect to right of use assets:- (₹ in crore)

Class of Assets (Building and office premises)	Opening balance	Addition during the year	Derecognize during the year	Depreciation for the year	Closing balance
As at March 2024	56.13	15.19	1.89	13.79	55.64
As at March 2023	32.36	39.68	1.85	14.06	56.13

iii) Details with respect to lease liabilities (₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening Lease liability	61.45	35.53
Add: Additions during the year	15.19	39.68
Add: Interest accrued during the year	4.43	2.82
Less: Interest paid during the year	(4.43)	(2.82)
Less: Sale off	(2.17)	0.00
Less: Principal Repayment during the year	(11.89)	(13.76)
Closing Lease liability	**62.58**	**61.45**

iv) Interest expense on lease liabilities for F.Y. 2023-24 is ₹ 4.43 crore and for F.Y. 2022-23 is ₹ 2.82 crore.

v) Expense relating to leases for which underlying asset is of low value for F.Y. 2023-24 is ₹ 5.39 crore and for F.Y. 2022-23 is ₹ 7.03 crore

vi) Expense related to short-term leases for F.Y. 2023-24 is ₹ 83.21 crore and for F.Y. 2022-23 is ₹ 56.45 crore

vii) Expense related to variable lease payments for F.Y. 2023-24 is Nil and F.Y. 2022-23 is Nil

viii) Income from sub-leasing of right of use assets for F.Y. 2023-24 is ₹ 0.87 crore and for F.Y. 2022-23 is ₹ 2.09 crore

ix) There are no gains or losses arising from sale and leaseback transactions ₹ Nil for F.Y. 2023-24 and F.Y. 2022-23.

b) Finance Lease : Not Applicable

II) Company as Lessor

a) Finance Lease

i) The Company has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and noncancellable and a secondary period. There are no exceptional/restrictive covenants in the lease agreement. There are no significant risks associated with rights that the Company retains in underlying assets.

Notes forming part of standalone financial statements

ii) Maturity analysis of minimum undiscounted lease receivables and the present value of minimum lease payments receivable is as under: (₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Receivable not later than 1 year	–	0.01
Receivable later than 1 year but not later than 2 year	–	–
Receivable later than 2 year but not later than 3 year	–	–
Receivable later than 3 year but not later than 4 year	–	–
Receivable later than 4 year but not later than 5 year	–	–
Receivable later than 5 years	–	–
Gross investment in lease	–	0.01
Less: Unearned finance income	–	0.00*
Present value of minimum lease payment receivable	**–**	**0.01**

* less than 1 lakh

iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the F.Y. 2023-24 is Nil crore and for F.Y. 2022-23 is ₹ 0.15 crore.

iv) Finance lease income relating to variable lease payments not depending on index/rate - Nil

v) Changes in carrying amount of net investment in finance lease (₹ in crore)

Particulars	Current	Non Current	Total
Opening value of Lease Receivables as on April 1, 2022	**4.85**	**0.01**	**4.86**
Add: Finance lease income recognised in P&L	0.15	–	0.15
Less: Lease rental received (cash payment)	(5.00)	–	(5.00)
Add/Less: Change on account of any other factors	0.01	(0.01)	0.00
Opening value of Lease Receivables as on April 1, 2023	**0.01**	**–**	**0.01**
Add: Finance lease income recognised in P&L	–	–	–
Less: Lease rental received (cash payment)	(0.01)	–	(0.01)
Add/Less: Change on account of any other factors	–	–	–
Closing value of Lease Receivables as on March 31, 2024	**–**	**–**	**–**

b) Operating Lease :

i) The company has not given any assets under operating lease during the current financial year.

ii) Maturity analysis of undiscounted lease receivables: (₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Receivable not later than 1 year	–	–
Receivable later than 1 year but not later than 2 year	–	–
Receivable later than 2 year but not later than 3 year	–	–
Receivable later than 3 year but not later than 4 year	–	–
Receivable later than 4 year but not later than 5 year	–	–
Receivable later than 5 years	–	–
Total	–	–

Notes forming part of standalone financial statements

iii) Lease income recognised in Profit & Loss account (Other than variable lease payment) for F.Y. 2023-24 is Nil crore and for F.Y. 2022-23 is ₹ 0.07 crore

iv) Lease income relating to variable lease payments not depending on index/rate : Nil

36 Corporate Social Responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 1.23 crore (previous year: ₹ 17.46 crore).

(a) The amount recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 1.23 crore (previous year: ₹ 17.46 crore) (Refer note no. 32 of financial statements), which comprises of:

(₹ in crore)

Particulars	2023-24			2022-23		
	In cash	Set off from previous years	Total	In cash	Set off from previous years	Total
(a) Amount spent during the year on:						
(i) Construction/ acquisition of any asset	–	–	–	–	–	–
(ii) On purposes other than (i) above	20.66	–	20.66	15.99	0.07	16.06

(b) Amount of surplus to be carried forward in subsequent years for Set off :

(₹ in crore)

Amount spent in excess of requirements as per Companies Act, 2013 as on March 31, 2022 available for set off in subsequent years	Actual amounts spent during FY 22-23	Amounts to be spent in FY 22-23 as per the requirements of Companies Act, 2013	Excess/(Shortfall) at the end of the year
0.07	15.99	17.46	(1.40)

(₹ in crore)

Amount spent in excess/ (short) of requirements as per Companies Act, 2013 as on March 31, 2023 available for set off in subsequent years	Actual amounts spent during FY 23-24	Amounts to be spent in FY 23-24 as per the requirements of Companies Act, 2013	Excess/(Shortfall) at the end of the year
(1.40)	20.66	1.23	18.03

(c) **Reason for shortfall during the financial year 2022-23**

New project(s) / program(s) of on-going nature were identified and launched during the financial year on account of which the entire mandated CSR spend amount could not be consumed within the FY under review. The unspent amount against the said project(s) / program(s) has since been transferred into the "Unspent CSR Account" to be utilized for these project(s) / program(s) within the next three financial years.

(d) **Nature of CSR activities during the financial year 2022-23**

The payment for the CSR activities are done for Digital Financial Literacy and Entrepreneurship Development, Tree Plantation and Capacity Building of Water User Groups, creating awareness on Road Safety and Healthcare.

(e) **Nature of CSR activities during the financial year 2023-24**

The payment for the CSR activities are done for Digital Financial Literacy and Entrepreneurship Development, Tree Plantation, Capacity Building of Water User Groups, creating awareness on Road Safety and Healthcare.

(f) **Excess during the financial year 2023-24**

The Company has spent excess amount towards new project(s) / program(s) and the excess spent amount shall be set off against the required 2% CSR expenditure in the next three financial years.

37 Basic and Diluted Earnings per share [EPS] computed in accordance with Ind AS 33 "Earnings Per Share"

Particulars		2023–24	2022–23
Basic Earning Per Share			
Profit after tax as per statement of profit and loss (₹ in crore)	A	2,286.23	1,919.87
Weighted average number of equity shares outstanding during the year (Nos.)	B	2,48,43,28,659	2,47,68,83,662
Basic Earning Per Share (₹)	A/B	9.20	7.75
Diluted Earning Per Share			
Profit after tax as per statement of profit and loss (₹ in crore)	A	2,286.23	1,919.87
Weighted average number of equity shares outstanding (Nos.)	B	2,49,42,75,791	2,48,52,28,068
Diluted Earning Per Share (₹)	**A/B**	**9.17**	**7.73**
Face value of shares (₹)		**10.00**	**10.00**

38 Disclosures pursuant to Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets"

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Contingent Liabilities:		
a) Claim against the Company not acknowledged as debt:		
– Income Tax matter in dispute*	11.07	11.12
– Sales tax/ VAT / Service Tax / Stamp duty matter in dispute*	466.71	528.59
– Legal matter in dispute*	1.82	1.67
b) Bank Guarantees	56.00	6.00
c) Other money for which the Company is contingently liable Liability towards Letter of Credit(net of margin money)	–	260.05
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for#	30.10	25.06
b) Undisbursed Commitment	972.34	847.52

Note: *In respect of disputes, the company is of view of succeeding in appeals and does not expect any significant liabilities to materialise.

Figures reported above are excluding GST

Notes forming part of standalone financial statements

39 Frauds committed against the company:

(₹ in crore)

Particulars	2023–24	2022–23
No. of cases of fraud which occurred during the year	25	10
Amount involved	7.18	12.38
Amount recovered	0.15	1.28
Amount provided/loss*	7.03	11.25

*net of recoveries.

40 The Company has invoked pledge of equity shares and Non-convertible debentures ("NCD") in the following companies, pledged with the Company as collateral by the borrowers and these shares and NCD are being held by the Company as bailee.

(₹ in crore)

	Particulars	Quantity held as bailee	
		As at March 31, 2024	As at March 31, 2023
1	Future Retail Limited	–	56,18,102
2	Tata Steel Limited	47,92,720	47,92,720
3	Saumya Mining Limited	5,13,012	5,13,012
4	Punj Lloyd Limited	5	5
5	GHCL Limited	70,000	70,000
6	Golden Tobacco Limited	10,000	10,000
7	Hindustan National Glass & Industries Limited	15,00,716	15,00,716
8	Sterling International Enterprises Limited	2,17,309	2,17,309
9	Tulip Telecom Limited	14,01,762	14,01,762
10	Hanjer Biotech Energies Private Limited	3,25,096	3,25,096
11	VMC Systems Limited	7,17,736	7,17,736
12	KSK Energy Ventures Limited	3,08,446	3,08,446
13	Soma Enterprises Limited	1,500	24,47,655
14	Hazaribagh Ranchi Expressway Limited	1,000	–
15	Avantha Holdings Limited	4,500	4,500
16	Su Toll Road Private Limited	7,912	–
17	KSK Mineral Resources Private Limited	34,22,910	34,22,910
18	Diamond Power Infrastructure Limited	3,000	3,000
19	Ghcl Textiles Limited	70,000	–
20	Dewas Bhopal Corridor Private Limited	17,000	–
21	Bhoruka Power Corporation Ltd	25,771	–
22	Almond Infrabuild Private Limited	1,20,08,100	–
23	Anand Divine Developers Private Limited	9,900	–
24	Valdel Projects Corporation Pvt Ltd	1,532	1,532

Notes forming part of standalone financial statements

41 Expenditure in foreign currency:

(₹ in crore)

Particulars	2023–24	2022–23
Professional Fees	0.70	0.41
License Fees	2.32	4.82
Finance Cost	87.73	67.26
Others	0.02	–

42 Dues to micro enterprises and small enterprises:

(₹ in crore)

Sr. No.	Particulars	2023–24	2022–23
i	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	–	–
ii.	the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	–	–
iii.	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	–	–
iv.	the amount of interest accrued and remaining unpaid at the end of each accounting year;	–	–
v.	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–

footnote: The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company.

43 Relationship with Struck Off Companies

(a) Amount outstanding as at March 31, 2024:

Sr. No.	Name of Struck off company	Nature of transactions with struck off company	Balance outstanding (Gross) (₹ in crore)	Balance outstanding (Net) (₹ in crore)	Relationship with the struck off company, if any, to be disclosed
1	Cheviot International Limited	Equity Shares held	0*	0*	Equity Shareholder
2	Vitalink Wealth Advisory Services Private Limited	Equity Shares held	0*	0*	Equity Shareholder
3	Zenith Insurance Services Pvt Limited	Equity Shares held	0*	0*	Equity Shareholder

Notes forming part of standalone financial statements

Sr. No.	Name of Struck off company	Nature of transactions with struck off company	Balance outstanding (Gross) (₹ in crore)	Balance outstanding (Net) (₹ in crore)	Relationship with the struck off company, if any, to be disclosed
4	Sanvi Fincare Consultancy Private Limited	Equity Shares held	0*	0*	Equity Shareholder
5	Architectural Glass Pvt Limited	Equity Shares held	0*	0*	Equity Shareholder
6	Fam Ensemble Facon Private Limited	Equity Shares held	0*	0*	Equity Shareholder
7	Pegasus Mercantile Private Limited	Equity Shares held	0*	0*	Equity Shareholder
8	Unickon Fincap Private Limited	Equity Shares held	0.01	0.01	Equity Shareholder
9	Kothari Intergroup Limited	Equity Shares held	0*	0*	Equity Shareholder
10	Shopforprop Realty Private Limited	Loans and advances	2.62	2.52	Loans and Advances
11	Virtuoso Offshore It And Management Services Pvt Limited	Loans and advances	0.64	0.64	Loans and Advances

* less than ₹ 50,000

(b) Amount outstanding as at March 31, 2023:

Sr. No.	Name of Struck off company	Nature of transactions with struck off company	Balance outstanding (Gross) (₹ in crore)	Balance outstanding (Net) (₹ in crore)	Relationship with the struck off company, if any, to be disclosed
1	Victor Properties Private Limited	Equity Shares held	0*	0*	Equity Shareholder
2	Pegasus Mercantile Private Limited	Equity Shares held	0*	0*	Equity Shareholder
3	Architectural Glass Private Limited	Equity Shares held	0*	0*	Equity Shareholder
4	Kothari Intergroup Limited	Equity Shares held	0*	0*	Equity Shareholder
5	Sanvi Fincare Consultancy Private Limited	Equity Shares held	0*	0*	Equity Shareholder

* less than ₹ 50,000

Notes forming part of standalone financial statements

44 Disclosure pursuant to Ind AS 1 and Ind AS 107 "Maturity analysis of assets and liabilities"

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	ASSETS:						
(1)	**Financial assets**						
(a)	Cash and cash equivalents	3,561.44	–	3,561.44	9,105.71	–	9,105.71
(b)	Bank balance other than (a) above	876.04	206.63	1,082.67	3,640.19	0.04	3,640.23
(c)	Derivative financial instruments	182.16	3.38	185.54	0.77	173.68	174.45
(d)	Receivables						
	(I) Trade receivables	247.27	–	247.27	2.34	–	2.34
	(II) Other receivables	5.68	–	5.68	136.91	–	136.91
(e)	Loans	34,347.22	47,012.17	81,359.39	39,834.84	35,319.71	75,154.55
(f)	Investments	5,128.41	7,246.37	12,374.78	7,499.51	6,902.30	14,401.81
(g)	Other financial assets	634.55	–	634.55	85.41	0.61	86.02
(2)	**Non–financial assets**						
(a)	Current tax asset (net)	–	289.52	289.52	–	674.70	674.70
(b)	Deferred tax assets (net)	–	1,842.48	1,842.48	–	1,841.32	1,841.32
(c)	Property, plant and equipment	–	55.92	55.92	–	44.96	44.96
(d)	Intangible assets under development	–	35.62	35.62	0.09	4.72	4.81
(e)	Other intangible assets	–	96.13	96.13	–	115.37	115.37
(f)	Right of use asset	–	55.64	55.64	–	56.13	56.13
(g)	Other non–financial assets	75.97	448.23	524.20	66.63	521.15	587.78
	Total Assets	**45,058.74**	**57,292.09**	**1,02,350.83**	**60,372.40**	**45,654.69**	**1,06,027.09**
	LIABILITIES						
(1)	**Financial Liabilities**						
(a)	Trade payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,219.81	–	1,219.81	804.00	–	804.00
(b)	Other payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–	–	–	–
(c)	Debt securities	11,033.83	18,535.62	29,569.45	15,307.14	20,798.24	36,105.38

Notes forming part of standalone financial statements

Sr. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(d)	Borrowings (other than debt securities)	31,673.34	12,757.13	44,430.47	26,746.62	17,392.97	44,139.59
(e)	Subordinated liabilities	804.95	1,736.00	2,540.95	374.13	2,424.35	2,798.48
(f)	Lease liability	13.28	49.30	62.58	12.48	48.97	61.45
(g)	Other financial liabilities	1,051.77	–	1,051.77	542.33	–	542.33
(2)	**Non–Financial Liabilities**						
(a)	Current tax liability (net)	174.48	–	174.48	176.20	–	176.20
(b)	Provisions	10.05	24.45	34.50	7.95	24.50	32.45
(c)	Other non–financial liabilities	71.86	–	71.86	48.37	–	48.37
	Total liabilities	**46,053.37**	**33,102.50**	**79,155.87**	**44,019.22**	**40,689.03**	**84,708.25**

The above information is based on certain management estimates which has been relied upon by the auditors.

45 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows"

Change in liabilities arising from financing activities:

(₹ in crore)

Particulars	As at April 1, 2023	Net Cash flows	Non - cash changes: Changes in fair values	Exchange Difference	Others	As at March 31, 2024
Debt securities	36,105.38	(6,577.39)	–	–	41.46	29,569.45
Borrowings (other than debt securities)	44,139.59	265.99	(0.74)	20.28	5.35	44,430.47
Subordinated liabilities	2,798.48	(275.00)	–	–	17.47	2,540.95
Total liabilities from financing activities	**83,043.45**	**(6,586.40)**	**(0.74)**	**20.28**	**64.28**	**76,540.87**

(₹ in crore)

Particulars	As at April 1, 2022	Net Cash flows	Non - cash changes: Changes in fair values	Exchange Difference	Others*	As at March 31, 2023
Debt securities	42,194.10	(5,863.97)	(0.80)	–	(223.95)	36,105.38
Borrowings (other than debt securities)	39,323.81	4,981.11	(0.34)	(120.06)	(44.93)	44,139.59
Subordinated liabilities	3,683.32	(828.74)	–	–	(56.10)	2,798.48
Total liabilities from financing activities	**85,201.23**	**(1,711.60)**	**(1.14)**	**(120.06)**	**(324.98)**	**83,043.45**

Footnote: Others include mainly amortisation of issue cost and changes in accrued interest.

46 During the previous year, Due to data migration issues, the first installment principal repayment on non-convertible security (INE691I07240) amounting to ₹ 71.43 crore was credited to bondholders account on October 19, 2022, instead of the due date of October 18, 2022, along with the applicable additional interest for 1 day. This delay was promptly resolved to ensure that future payments are not affected and appropriate disclosures were made to stock exchange & rating agencies. Credit reports further confirmed that this was a one-off event due to a technical issue and did not reflect any liquidity stress or financial inability of the

Company to service its debt on time. The Company had sufficient liquidity available in the form of cash and liquid investments of ₹ 7,511 crore as on September 30, 2022 (around ₹ 4,500 crore as on October 18, 2022), in addition to unutilised bank lines & credit line from Larsen & Toubro Limited and the incident did not indicate any change in the Company's inherent credit quality.

47 Exceptional items in the year ended March 31, 2023 of the aforesaid results includes:

(i) Gain of ₹ 283 crore on the reduction of 3,12,00,000 (Three Crore Twelve Lakh) fully paid-up equity shares of face value of ₹ 10 each of the wholly owned subsidiary company, L&T Investment Management Limited ("LTIM")

(ii) Gain of ₹ 2,575.09 crore on the divestment of its entire stake in the subsidiary company, LTIM and

(iii) The one-time fair valuation loss of ₹ 2,687.17 crore on reclassification consequent to change in business model and fair valuation of the wholesale loan asset portfolio as part of Lakshya 2026 strategy.

48 Risk Management

Basis

Great importance is attached to the identification, measurement and control of risks. All employees of the Company are responsible for the management of risk, with the ultimate accountability residing with the Board of Directors. The Board of Directors and its Risk Management Committee ensure that Management takes into consideration all the relevant risk factors which could lead to unexpected fluctuations in results or to a loss of capital employed. Recommendations for risk control measures are derived from the evaluation of the risk factors. Certain risks are also recognized as opportunities. The aim in such cases is to achieve an appropriate balance between the possible losses which might result and the potential gains. Risks which primarily represent loss potential are minimized. This helps in aligning the risk appetite to the Company's strategy to deliver sustainable, long term returns to its investors.

The risks are reviewed periodically every quarter.

Types of risk

As a lending non-banking financial company, the most important risks it is faced with are the following:

- Credit risk
- Market risk
- Capital risk

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or counterparties fail to fulfill their contractual obligations to the Company.

Credit risk arises mainly from retail and wholesale loans and advances and loan commitments arising from such lending activities; but could also arise from credit enhancement provided, such as financial guarantees and letters of credit. The Company is also exposed to other credit risks arising from investments in debt securities and exposures arising from its trading activities ("Trading Exposures") as well as settlement balances with market counterparties.

Credit risk is the single largest risk for the Company's business. Management therefore carefully manages its exposure to credit risk. A centralised risk management function oversees the risk management framework and an overview of credit risk of portfolio is periodically presented to the Risk Management Committee.

Notes forming part of standalone financial statements

Credit-worthiness is assessed prior to signing any contracts, based on underwriting process including employing market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Company is exposed to from time to time.

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. Wholesale and retail portfolios are managed separately to reflect the differing nature of the business strategy. As the Company is completely exiting the wholesale business by way of sell down, the wholesale portfolio is classified as Fair Value through Profit and Loss Account ("FVTPL") and valued accordingly as per Ind AS 109. As regards the retail portfolio, the same is classified as amortized cost as per Ind AS 109 and assessed accordingly. The assessment of credit risk of the retail portfolio entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Company measures credit risk for each class of loan assets using inputs such as ¬Probability of Default ("PD") and Loss Given Default ("LGD"). PD and LGD are ascertained as per Ind AS 109.

Retail Business (Rural and Urban Finance)

The Company has deployed standardised credit decision rules, as approved by the designated officials for the specific product. The rules are regularly monitored to ensure that the learnings from the portfolio performance and changes in the economic environment have been factored into the credit decision rules.

Trading Exposures

For debt securities in the trading portfolio, external rating agency credit grades and internal rating are used for evaluating the credit risk.

Expected Credit Loss ('ECL')

As required by the extant guidelines (notification dated March 30, 2016 issued by the Ministry of Corporate Affairs) the Company adopted IND AS (with effect from April 1, 2017) and has been preparing IND AS based financial statements for accounting period beginning from April 1, 2018 onwards.

As per RBI notification on acceptance of IND AS for regulatory reporting, the Company computes provision as per IND AS 109 as well as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where impairment allowance in aggregate for the Company under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) for the Company, the difference is appropriated from net profit or loss after tax to a separate 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.

ECL allowances recognised in the financial statements also reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgment and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Multi variable regression framework is used to establish a linkage between company's default rates and various macroeconomic variables like unemployment rate, GDP, inflation, domestic credit investment, farm reservoir levels amongst others. Three scenarios sufficient to calculate unbiased ECL are used - representing the "most likely outcome" (the "Central" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios).Probability weights have been assigned to each scenario based on Company's outlook of the economic forecasts.

Management oversees the estimation of ECL including:

i. setting requirements in policy, including key assumptions and the application of key judgements;

ii. the design and execution of models; and

iii. review of ECL results.

As required by Ind AS 109, a 'three-stage' model for impairment based on changes in credit quality since initial recognition was built as summarised below:

- A loan asset that is not credit-impaired, on initial recognition, is classified in 'Stage 1' and has its credit risk continuously monitored by Management.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the loan asset is moved to 'Stage 2' but is not yet deemed to be credit-impaired. (See note 1.8 for a description of how the Company determines when a significant increase in credit risk has occurred).
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. (See note 1.8 for a description of how the Company defines credit-impaired and default).

The following are additional considerations for each type of portfolio held by the Company:

Retail Business- (Rural and Urban Finance)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD for all loan asset that are not credit-impaired and for assets with SICR, lifetime probability weighted PIT PD is used. PD for credit impaired asset is 1 as the DPD is 90+.

A centralised impairment model summarises the historical payment behavior of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on days-past-due and month-on-book (vintage) (for certain products) form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/ enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) is used to determine the LGD ratio for credit impaired loan assets.

The PD and LGD ratio are used to arrive at the ECL for all stages of loan assets.

Exposure at Default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance, if any.

Notes forming part of standalone financial statements

The Company's net exposure to credit risk, after taking into account credit risk mitigation, have been tabulated below:

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral
Financial assets						
Equity instruments (Subsidiary)	167.85	–		167.85	–	
Total financial assets at cost	**167.85**	**–**		**167.85**	**–**	
Cash and cash equivalent and other bank balances	4,644.11	–		12,745.94	–	
Loans and advances at amortised cost	76,497.78	–	Refer footnote below	58,097.81	–	Refer footnote below
Trade receivables	247.27	–		2.34	–	
Other receivables	5.68	–		136.91	–	
Other financial assets	634.55	–		86.02	–	
Total financial assets at amortised cost	**82,029.39**	**–**		**71,069.02**	**–**	
Financial assets at fair value through profit or loss	14,216.39	–		28,540.31	–	
Derivative financial instruments	–	–		0.77	–	
Total financial instruments at fair value through profit or loss	**14,216.39**	**–**		**28,541.08**	**–**	
Derivative financial instruments	185.54	–		173.68	–	
Financial instruments at fair value through Other Comprehensive Income	2,852.15	–		2,750.39	–	
Total Financial instruments at fair value through Other Comprehensive Income	**3,037.69**	**–**		**2,924.07**	**–**	
Total on–balance sheet	**99,451.32**	**–**		**1,02,702.02**	**–**	
Off balance sheet						
Contingent liabilities	535.60	–		807.43	–	
Other commitments	1002.44	–		872.58	–	
Total off–balance sheet	**1,538.04**	**–**		**1,680.01**	**–**	
Total	**1,00,989.36**	**–**		**1,04,382.03**	**–**	

Footnote:

(i) Retail loans, other than unsecured loans aggregating ₹ 42,732.48 crore as of March 31, 2024, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans, Home loans and loans against property) (as of March 31, 2023: ₹ 34,109.08 crore). If the customer fails to pay, the Company would, as applicable, liquidate collateral and/or set off accounts. For most products, the Company obtains direct debit instructions from the customer. It is a criminal offence in India to issue a bad cheque.

(ii) Wholesale loan assets are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Company would, as applicable, liquidate collateral and/or set off accounts. For most products, the Company obtains direct debit instructions from the customer. It is a criminal offence in India to issue a bad cheque

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk.

Besides growth in the loan assets portfolio, increases in trading portfolio assets and financial assets at fair value through the Statement of Profit and Loss have also contributed to the increase in the Company's net exposure to credit risk. Investments in debt instruments are predominantly investment grade.

Where collateral has been obtained in the event of default, the Company does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Company has invoked pledge of equity shares and Non-Convertible debentures ("NCD") (Refer Note 40), pledged with the Company as collateral by the borrowers and those shares are being held by the Company as bailee.

Concentration of exposure

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Company has established a diversified borrower base and as at March 31, 2024. The Company has put in place a framework of Risk Limits, which are monitored on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk. The Risk Limits cover risk of concentration to a particular geography, industry, Company/borrower or revenue counterparty of the borrowers etc. as are relevant to the respective product.

Market Risk Management

Liquidity Risk:

The risk that the Company is unable to service its contractual or contingent liabilities or that it does not have the adequate amount of funding and liquidity to support its committed disbursements.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Company's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets and also by setting up limits on relevant liquidity stock ratios. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO'). Given the current market scenario, the Company has been maintaining positive cumulative liquidity gaps for all the time-buckets upto 1 year as a prudent risk management practice.

The Company also periodically undertakes liquidity stress testing under various liquidity stress scenarios. It maintains liquidity buffer for survival period of 30 days in the forms of High Quality Liquid Assets under 1-in-10 liquidity stress scenario, wherein hair-cut of 40% on undrawn bank lines and collection shortfall of 15% is assumed. To effectively manage the fallout of the COVID-19 pandemic related RBI measures on its funding and liquidity, the Company has been continuously maintaining higher level of liquidity buffer as a

Notes forming part of standalone financial statements

safeguard against any likely disruption in the funding and market liquidity. Further the Company has defined a few Early Warning Indicators (EWI) and its thresholds as part of its Contingency Funding Plan (CFP) to help signal towards a potential evolving liquidity crisis and so as to enable appropriate steps to be taken in a timely manner. These EWIs are monitored on a regular basis.

Further, Reserve Bank of India has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, NBFC are required to publicly disclose the below information related to liquidity risk on a quarterly basis. Accordingly, the disclosure on liquidity risk as at March 31, 2024 is as under:

(i) Funding Concentration based on significant counterparty

F.Y.	No. of Significant Counterparties	Amount (₹ in crore)	% of Total Deposits	% of Total Liabilities
2023-24	20	50,209	N.A.	61%
2022-23	18	52,532	**N.A.**	58%

Notes:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) – Not Applicable

(iii) Top 10 borrowings:

F.Y.	Amount (₹ in crore)	% of Total Borrowings
2023-24	38,370	51%
2022-23	42,610	51%

Note:

- Total Borrowing has been computed as Gross Total Debt basis extant regulatory ALM guidelines.

(iv) Funding Concentration based on significant instrument / product

Sr. No.	Name of the product	F Y 2023-24		F Y 2022-23	
		Amount (₹ in crore)	% Of Total Liabilities	Amount (₹ in crore)	% Of Total Liabilities
1	Term Loans	24,344	30%	26,315	29%
2	Private Non-Convertible Debentures	25,413	31%	25,413	31%
3	Working Capital Bank Lines	16,613	20%	15,521	17%
4	Commercial Papers	3,785	5%	7,590	8%
5	Public Non-Convertible Debentures	1,751	2%	2,079	2%
6	External Commercial Borrowings	1,902	2%	1,611	2%
7	Securitisation Borrowings (PTC)	956	1%	-	-
	Total	**74,764**	**91%**	**78,529**	**89%**

Note:

- A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
- Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(v) Stock Ratios:

Sr. No.	Stock Ratio	FY 2023-24 (%)	FY 2022-23 (%)
1	Commercial papers as a % of total liabilities	5%	8%
2	Commercial papers as a % of total assets	4%	6%
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0%	0%
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets	0%	0%
5	Other short-term liabilities as a % of total liabilities	32%	26%
6	Other short-term liabilities as a % of total assets	25%	19%

Note:

- Commercial Paper for stock ratio is the Gross outstanding (i.e. Maturity amount).
- Other Short-term Liabilities has been computed as Total Short-term Liabilities less Commercial paper less Non-convertible debentures (Original maturity of less than one year), basis extant regulatory ALM guidelines.

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails/ limits approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/approval/ratification.

(vii)Disclosure on Liquidity Coverage Ratio

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies on November 04, 2019. As per the said guidelines, LCR

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requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 10,000 crore and above from December 1, 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024, as per the time-line given below:

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	50%	60%	70%	85%	100%

Further, NBFC are required to publicly disclose the information related to Liquidity Coverage Ratio on a quarterly basis. Accordingly, the disclosure on Liquidity Coverage Ratio of the Company for FY2024 is as under:

LCR Disclosure	Q1 FY 2023-24		Q2 FY 2023-24		Q3 FY 2023-24		Q4 FY 2023-24	
₹ in crore	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	2124.96	2111.36	2037.47	2023.98	2312.49	2299.12	2306.56	2293.08
Cash in hand & Bank balance	431.48	431.48	302.18	302.18	381.98	381.98	380.25	380.25
Government Securities (unencombered)	1499.32	1499.32	1537.55	1537.55	1673.27	1673.27	1756.37	1756.37
Marketable Securities issued by sovereigns, PSEs or multidevelopment banks with < 20% risk weight (not by bank/FI/NBFC)	90.71	77.11	89.96	76.47	89.10	75.73	89.89	76.41
Corporate bonds with LT credit rating AA- (not by bank/ FI/NBFC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CBLO (Treps Lending)	103.45	103.45	107.78	107.78	168.14	168.14	80.05	80.05
Cash Outflows								
2 Deposits (for deposit taking companies)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Unsecured wholesale funding [3]	2216.84	2549.37	1793.47	2062.49	2485.18	2857.96	1852.09	2129.90
4 Secured wholesale funding [4]	1796.68	2066.18	1448.84	1666.17	1459.55	1678.48	1528.79	1758.11

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LCR Disclosure	Q1 FY 2023-24		Q2 FY 2023-24		Q3 FY 2023-24		Q4 FY 2023-24	
₹ in crore	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)	Total Unweighted[1] Value (average)	Total Weighted[2] Value (average)
5 Additional requirements, of which	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 Other contractual funding obligations	938.81	1079.64	864.40	994.07	1559.29	1793.18	1658.99	1907.84
7 Other contingent funding obligations	66.52	76.49	30.39	34.95	30.03	34.54	29.29	33.68
8 TOTAL CASH OUTFLOWS	**5018.85**	**5771.68**	**4137.10**	**4757.68**	**5534.05**	**6364.16**	**5069.16**	**5829.53**
Cash Inflows								
9 Secured lending	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10 Inflows from fully performing exposures	2258.00	1693.50	2550.78	1913.09	2378.32	1783.74	2232.01	1674.00
11 Other cash inflows [5]	23041.44	17281.08	19565.05	14673.78	17845.55	13384.16	19748.12	14811.09
12 TOTAL CASH INFLOWS	**25299.44**	**18974.58**	**22115.83**	**16586.87**	**20223.87**	**15167.90**	**21980.13**	**16485.09**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13 TOTAL HQLA		**2111.36**		**2023.98**		**2299.12**		**2293.08**
14 TOTAL NET CASH OUTFLOWS OVER 30 DAYS PERIOD		**1442.92**		**1189.42**		**1591.04**		**1457.38**
15 LIQUIDITY COVERAGE RATIO (%) [6]		**146%**		**170%**		**145%**		**157%**

1 Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows). Averages are calculated basis simple average of daily observations for the quarterly LCR.

2 Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow

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3 Unsecured wholesale funding includes cash outflow on account of CP, ICD & unsecured Debenture repayments

4 Secured wholesale funding includes all other borrowing repayments

5 Other cash inflows amongst others includes liquidity maintained in the form of Liquid Mutual funds, Fixed deposit placed with banks as well as available undrawn funding lines

6 All of the HQLA, cash inflows and outflows are in rupee terms and there is no currency mismatch.

7 The above LCR ratios are prepared on the baisis of RBI guidelines prescribed for liquidity risk management framework and same has been reported by management on quartely basis and same is relied upon by auditors.

Foreign Exchange Rate Risk:

In the normal course of its business, the Company does not deal in foreign exchange in a significant way. Any significant foreign exchange exposure on account of foreign exchange borrowings is fully hedged to safeguard against exchange rate risk.

Interest Rate Risk:

Interest rate risk is the risk where changes in market interest rates affect the Company's financial position due to change in its Net Interest Income (NII). To mitigate interest rate risk, ALM Policy of the Company stipulates Interest Rate Sensitive Gaps for all the time-buckets. Interest Rate Sensitivity Statement is prepared every month and placed before ALCO. The Statement captures the Rate Sensitive Gaps i.e. the mismatch between the Rate Sensitive Assets and Liabilities, in various time buckets.

Security Prices:

The Company manages investment portfolios comprising government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits and stop loss limit are stipulated. To provide early warning indicators, alarm limits have also been put in place. Reporting periodicity and escalation matrix upon the breach of alarm limits as well as risk limits have been clearly defined. The Company does not invest in Equity stocks and therefore is not exposure to equity price risk on this account.

49.1Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Expected credit loss - Loans at amortised cost:

(₹ in crore)

Particulars		As at March 31, 2024			As at March 31, 2023		
		Gross carrying amount	Expected Credit Loss	Carrying amount (net of impairment provision)	Gross carrying amount	Expected Credit Loss	Carrying amount (net of impairment provision)
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	75,295.93	1,323.86	73,972.07	56,530.86	1,177.27	55,353.59

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(₹ in crore)

Particulars		As at March 31, 2024			As at March 31, 2023		
		Gross carrying amount	Expected Credit Loss	Carrying amount (net of impairment provision)	Gross carrying amount	Expected Credit Loss	Carrying amount (net of impairment provision)
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired	2,468.78	421.98	2,046.80	2,656.72	366.04	2,290.68
	Financial assets for which credit risk has increased significantly and credit-impaired	2,270.82	1,791.91	478.91	2,196.85	1,743.31	453.54
Total		**80,035.53**	**3,537.75**	**76,497.78**	**61,384.43**	**3,286.62**	**58,097.81**

49.2 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Reconciliation of loss allowance provision - Loans at amortised cost:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL as on March 31, 2022	**1,091.66**	**1,101.47**	**1,434.01**	**3,627.14**
New assets originated or purchased*	1,088.16	61.16	111.58	1,260.90
Transfers to Stage 1	66.22	(46.71)	(19.51)	–
Transfers to Stage 2	(6.72)	16.21	(9.49)	–
Transfers to Stage 3	(21.29)	(315.79)	337.08	–
Amount written off	–	–	(1,404.77)	(1,404.77)
Impact of changes in credit risk on account of stage movements	(64.40)	67.57	1,365.67	1,368.84
Increase/ (Decrease) provision on existing financial assets including recovery	(48.81)	(257.68)	(85.29)	(391.78)
Reclassification to fair value through P&L (Refer note 47)	(927.55)	(260.19)	14.03	(1,173.71)
ECL as on March 31, 2023	**1,177.27**	**366.04**	**1,743.31**	**3,286.62**
New assets originated or purchased*	992.20	68.54	177.98	1,238.72
Transfers to Stage 1	25.53	(13.13)	(12.40)	0.00
Transfers to Stage 2	(6.24)	13.30	(7.06)	0.00
Transfers to Stage 3	(15.28)	(72.22)	87.51	0.00
Amount written off	–	(13.37)	(947.49)	(960.86)
Impact of changes in credit risk on account of stage movements	(25.17)	103.60	1,008.72	1,087.15
Increase/ (Decrease) provision on existing financial assets including recovery	(824.46)	(30.78)	(258.66)	(1,113.90)
ECL as on March 31, 2024	**1,323.86**	**421.98**	**1,791.91**	**3,537.75**

Notes forming part of standalone financial statements

(b) Reconciliation of Gross carrying amount - Loans at amortised cost:

₹ in crore

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as on March 31, 2022	**53,250.41**	**7,916.93**	**2,175.46**	**63,342.80**
New assets originated or purchased*	43,748.63	592.84	143.86	44,485.33
Transfers to Stage 1	1,001.82	(956.21)	(45.61)	–
Transfers to Stage 2	(1,149.46)	1,171.90	(22.44)	–
Transfers to Stage 3	(712.65)	(1,425.83)	2,138.48	–
Amount written off	–	–	(1,450.44)	(1,450.44)
Net recovery	(23,877.79)	(1,926.36)	(408.88)	(26,213.03)
Reclassification to fair value through P&L (Refer note 47)	(15,730.10)	(2,716.55)	(333.58)	(18,780.23)
Gross carrying amount as on March 31, 2023	**56,530.86**	**2,656.72**	**2,196.85**	**61,384.43**
New assets originated or purchased*	48,541.17	419.51	219.81	49,180.48
Transfers to Stage 1	131.42	(109.08)	(22.34)	–
Transfers to Stage 2	(899.06)	912.12	(13.06)	–
Transfers to Stage 3	(1,060.68)	(403.55)	1,464.23	–
Amount written off	–	(67.51)	(947.49)	(1,015.00)
Net recovery	(27,947.78)	(939.43)	(627.17)	(29,514.38)
Gross carrying amount as on March 31, 2024	**75,295.93**	**2,468.78**	**2,270.82**	**80,035.53**

* excludes assets originated or purchased and derecognised during the year

49.3 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets:

₹ in crore

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
I	**Measured at fair value through profit or loss (FVTPL):**		
	(i) Investment in equity instruments	17.87	208.24
	(ii) Investment in preference shares	–	–
	(iii) Investment in bonds/debentures	113.84	105.83
	(iv) Investment in mutual funds	2,353.43	4,709.71
	(v) Investment in government securities	–	–
	(vi) Investment in security receipt(net)	6,769.50	6,321.04
	(vii) Investment in units of fund	100.15	138.74
	(viii) Loans	4,861.61	17,056.74
	(ix) Derivative financial instruments	–	0.77
	Sub–total (I)	**14,216.40**	**28,541.07**

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₹ in crore

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
II	**Measured at amortised cost:**		
	(i) Loans	76,497.78	58,097.81
	(ii) Trade receivables	247.27	2.34
	(iii) Other receivables	5.68	136.91
	(iv) Other financial assets	634.55	86.02
	(v) Cash and cash equivalents and bank balances	4,644.11	12,745.94
	Sub–total (II)	**82,029.39**	**71,069.02**
III	**Measured at fair value through other comprehensive income (FVTOCI):**		
	(i) Investment in bonds/Debentures	498.29	653.89
	(ii) Investment in government securities	2,353.85	2,095.60
	(iii) Investment in equity instruments	–	–
	(iv) Investment in pass through certificates	–	–
	(v) Derivative financial instruments	185.54	173.68
	(vi) Investment in units of fund	–	0.90
	Sub–total (III)	**3,037.68**	**2,924.07**
	Total (I+II+III)	**99,283.47**	**1,02,534.16**

Foot note: Investment in subsidiaries valued at cost current year: ₹ 167.85 crore (previous year: ₹ 167.85 crore).

(b) Category-wise classification for applicable financial liabilities:

₹ in crore

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
I	**Measured at fair value through profit or loss (FVTPL):**		
	(i) Derivative Instruments not designated as cash flow hedges	–	–
	Sub–total (I)	**–**	**–**
II	**Measured at amortised cost:**		
	(i) Debt securities	29,569.45	36,105.38
	(ii) Borrowings (other than debt securities)	44,430.47	44,139.59
	(iii) Subordinated liabilities	2,540.95	2,798.48
	(iv) Trade payables	1,219.81	804.00
	(v) Other payables	–	–
	(vi) Lease liabilities	62.58	61.45
	(vii) Other financial liabilities	1,051.77	542.33
	Sub–total (II)	**78,875.03**	**84,451.23**
III	**Measured at fair value through other comprehensive income (FVTOCI):**	**–**	**–**
	Sub–total (III)	**–**	**–**
	Total (I+II+III)	**78,875.03**	**84,451.23**

Notes forming part of standalone financial statements

49.4 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Loans	76,497.78	76,497.78	58,097.81	58,097.81
Total	**76,497.78**	**76,497.78**	**58,097.81**	**58,097.81**
Financial liabilities:				
Debt Securities	29,569.45	29,417.13	36,105.38	35,551.99
Borrowings (other than debt securities)	44,430.47	43,974.56	44,139.59	43,441.40
Subordinated liabilities	2,540.95	2,517.19	2,798.48	2,764.84
Lease liabilities	62.58	62.58	61.45	61.45
Total	**76,603.45**	**75,971.46**	**83,104.90**	**81,819.68**

The carrying amounts of cash & cash equivalents, bank balance, trade receivables, other receivables, other financial assets, trade payables, other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

(b) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2024	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	76,497.78	76,497.78	Discounted cashflow approach
Total financial assets	**–**	**–**	**76,497.78**	**76,497.78**	
Financial liabilities:					
Debt Securities	–	–	29,417.13	29,417.13	Discounted cashflow approach
Borrowings (other than debt securities)	–	–	43,974.56	43,974.56	Discounted cashflow approach
Subordinated liabilities	–	–	2,517.19	2,517.19	Discounted cashflow approach
Lease liabilities	–	–	62.58	62.58	Discounted cashflow approach
Total financial liabilities	**–**	**–**	**75,971.46**	**75,971.46**	

Notes forming part of standalone financial statements

(₹ in crore)

As at March 31, 2023	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	58,097.81	58,097.81	Discounted cashflow approach
Total financial assets	**–**	**–**	**58,097.81**	**58,097.81**	
Financial liabilities:					
Debt Securities	–	–	35,551.99	35,551.99	Discounted cashflow approach
Borrowings (other than debt securities)	–	–	43,441.40	43,441.40	Discounted cashflow approach
Subordinated liabilities	–	–	2,764.84	2,764.84	Discounted cashflow approach
Lease liabilities	–	–	61.45	61.45	
Total financial liabilities	**–**	**–**	**81,819.68**	**81,819.68**	

49.5 Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

(₹ in crore)

Particulars	As at March 31, 2024				As at March 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Financial assets at fair value through profit and loss:								
Investments								
– Equity instruments	16.14	–	1.73	17.87	40.32	–	167.92	208.24
– Bonds and debentures	–	–	113.84	113.84	–	–	105.83	105.83
– Mutual funds	2,353.43	–	–	2,353.43	4,709.71	–	–	4,709.71
– Pass through certificates	–	–	–	–	–	–	–	–
– Security receipts	–	–	6,769.50	6,769.50	–	–	6,321.04	6,321.04
– Units of fund	–	–	100.15	100.15	–	–	138.74	138.74
Loans	–	–	4,861.61	4,861.61	–	–	17,056.74	17,056.74
Derivative financial instruments	–	–	–	–	–	0.77	–	0.77
Sub total	**2,369.57**	**–**	**11,846.83**	**14,216.40**	**4,750.03**	**0.77**	**23,790.27**	**28,541.07**
Financial assets at fair value through other comprehensive income:								
Investments								
– Bonds and debentures	–	498.29	–	498.29	–	653.89	–	653.89
– Government securities	–	2,353.85	–	2,353.85	–	2,095.60	–	2,095.60
– Pass through certificates	–	–	–	–	–	–	–	–
– Investment in Units of Fund	–	–	–	–	–	0.90	–	0.90
Derivative financial instruments	–	185.54	–	185.54	–	173.68	–	173.68
Sub total	**–**	**3,037.68**	**–**	**3,037.68**	**–**	**2,924.07**	**–**	**2,924.07**
Total Financial assets at fair value	**2,369.57**	**3,037.68**	**11,846.83**	**17,254.08**	**4,750.03**	**2,924.84**	**23,790.27**	**31,465.14**
Financial liabilities:								
Financial liabilities at fair value through profit and loss:	–	–	–	–	–	–	–	–
Total Financial liabilities at fair value	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Note: Quoted investments having inactive markets are classified in Level 2.

Notes forming part of standalone financial statements

49.6 Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

The following table presents the changes in level 3 items for the year ended March 31, 2023 and March 31, 2024 :

(₹ in crore)

Particulars	– Equity instru-ments	– Pref-erence shares	– Bonds and de-bentures	– Pass Through Certifi-cates	– Security Receipts	– Units of fund	Loans	Total
Balance as at April 1, 2022	392.59	–	413.46	–	4,886.23	250.48	22,753.78	28,696.54
Acquisitions	0.09	–	–	–	2,484.55	11.08	2,330.01	4,825.72
Reclassification to fair value through P&L (Refer note 47)	–	–	–	–	–	–	18,780.23	18,780.23
Transfer from Level 2 to Level 3	–	–	–	–	–	–	–	–
Deletions/redemption	(0.05)	–	–	–	(663.82)	(25.35)	(25,115.97)	(25,805.20)
Gains/(losses) recognised in profit or loss	(224.71)	–	(307.64)	–	(381.00)	(97.46)	(1,691.30)	(2,702.11)
Gains/(losses) recognised in other comprehensive income	–	–	–	–	–	–	–	–
Impairment recognised in profit or loss	–	–	–	–	(4.90)	–	–	(4.90)
As at March 31, 2023	**167.92**	**–**	**105.82**	**–**	**6,321.06**	**138.75**	**17,056.75**	**23,790.28**
Acquisitions	–	–	113.84	–	2,504.10	3.67	2,025.85	4,647.46
Reclassification to fair value through P&L (Refer note 47)	–	–	–	–	–	–	–	–
Transfer from Level 2 to Level 3	–	–	–	–	–	–	–	–
Deletions/redemption	(224.00)	–	(249.87)	–	(724.39)	(0.99)	(16,005.30)	(17,204.55)
Gains/(losses) recognised in profit or loss	57.81	–	144.05	–	(1,331.26)	(41.29)	1,784.32	613.63
Gains/(losses) recognised in other comprehensive income	–	–	–	–	–	–	–	–
Impairment recognised in profit or loss	–	–	–	–	–	–	–	–
As at March 31, 2024	**1.73**	**–**	**113.84**	**–**	**6,769.51**	**100.14**	**4,861.62**	**11,846.82**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period								
As at March 31, 2023	**(224.71)**	**–**	**(307.64)**	**–**	**(385.90)**	**(97.46)**	**(1,691.30)**	**(2,707.01)**
As at March 31, 2024	**57.81**	**–**	**144.05**	**–**	**(1,331.26)**	**(41.29)**	**1,784.32**	**613.63**
Unrealised gains/(losses) recognised in Other Comprehensive Income related to assets and liabilities held at the end of the reporting period								
As at March 31, 2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at March 31, 2024	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Notes forming part of standalone financial statements

49.7 Disclosure pursuant to Ind AS 113 "Fair Value Measurement"

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

(₹ in crore)

Particulars	Fair value as at		Rates for Sensitivity	Impact of Increase in Rates on Total Comprehensive Income statement			
	March 31, 2024	March 31, 2023		March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2023
				Favourable	Unfavourable	Favourable	Unfavourable
Investments							
– Equity instruments	1.73	167.92	5.00%	0.09	(0.09)	8.40	(8.40)
– Bonds and debentures	113.84	105.83	0.25%	0.28	(0.28)	0.26	(0.26)
– Pass Through Certificates	–	–	0.25%	–	–	–	–
– Security Receipts	6,769.50	6,321.04	5.00%	338.48	(338.48)	316.05	(316.05)
– Units of fund	100.15	138.74	5.00%	5.01	(5.01)	6.94	(6.94)
Loans	4,861.61	17,056.74	0.25%	12.15	(12.15)	42.64	(42.64)
Total	**11,846.83**	**23,790.27**		**356.01**	**(356.01)**	**374.29**	**(374.29)**

49.8 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

Liquidity risk management :

(a) Maturity profile of financial liabilities based on undiscounted cashflows

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within twelve month	After twelve month	Total	Within twelve month	After twelve month	Total
A. Non-derivative liabilities:						
Borrowings*	46,341.28	39,568.84	85,910.12	45,723.29	47,700.52	93,423.81
Trade payables	1,219.81	–	1,219.81	804.00	–	804.00
Other payables	–	–	–	–	–	–
Lease liabilities	13.28	49.30	62.58	12.48	48.97	61.45
Other financial liabilities	1,051.77	–	1,051.77	542.33	–	542.33
Total	**48,626.14**	**39,618.14**	**88,244.28**	**47,082.10**	**47,749.49**	**94,831.59**
B. Derivative liabilities:						
Currency swap	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**

* Borrowings include debt securities,borrowings (other than debt securities)and subordinated liabilities and are net off offsetting respective derivative gain/loss but includes undiscounted future interest.

Notes forming part of standalone financial statements

(b) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ in crore

Particulars	As at March 31, 2024	As at March 31, 2023
Undrawn backup lines	10,961.69	6,930.97
Line of credit from Ultimate Holding Company	–	1,800.00

(c) Ind AS 107 - Financial Instruments: Disclosures - Carrying amount of collateral given

₹ in crore

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents*	–	1,000.00
Bank Balances other than cash and cash equivalent	913.31	2,679.00
Investments	1,147.50	1,517.51
Loans	73,150.28	68,471.91
Total	**75,211.09**	**73,668.42**

*During the current financial year there are no Fixed Deposits that are in the process of lien marking against the secured debt securities. In the previous year such fixed deposits were of ₹ 1,000 crore.

49.9 Capital management

(i) Risk management

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets out of which Tier I Capital should be at least 9% of risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 51.1 for the Company's Capital ratios.

The Company's objectives when managing capital are to

(a) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(b) Maintain an optimal capital structure to reduce the cost of capital.

(c) The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks - which include credit, liquidity and market.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Notes forming part of standalone financial statements

The Company monitors capital on the basis of the following gearing ratio:

(₹ in crore)

Particulars	31 March, 2024	31 March, 2023
Total debt	76,540.87	83,043.45
Networth	23,194.96	21,318.84
Debt to equity ratio	**3.30**	**3.90**

1. Debt-equity ratio = (Debt securities + Borrowings (other than debt securities) + Subordinated liabilities) / Networth.
2. Net worth = Equity Share Capital + Other equity.

(ii) There were no defaults/delay in repayment of loans or payment of interest except as given in note 46. Further, there were no breaches of loan agreement during the year which enables the lender to demand accelerated repayment.

(iii) Dividends (₹ in crore)

Particulars	31 March, 2024	31 March, 2023
(a) Equity shares		
Final dividend for the year ended March 31, 2024 of ₹ 2 per fully paid share (Previous year : 0.50 per fully paid share)	496.61	123.75
Interim dividend for the year ended March 31, 2024 of ₹ Nil per fully paid share (Previous year : ₹ Nil)	–	–
(b) Dividends not recognised at the end of the reporting year	–	–

49.10 Market risk management :

(a) Foreign currency risk :

Particulars	As at March 31, 2024	As at March 31, 2023
Liability – External Commercial Borrowings	USD 25,00,00,000	USD 12,50,00,000
Assets – Cross Currency Interest Rate Swap Contracts	USD 25,00,00,000	USD 12,50,00,000

(b) Interest rate risk :

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

₹ in crore

Particulars	As at March 31, 2024	As at March 31, 2023
Variable rate borrowings	17,962.56	20,527.59
Fixed rate borrowings	57,201.53	61,276.22
Total borrowings	**75,164.09**	**81,803.81**

Notes forming part of standalone financial statements

As at the end of the reporting period, the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

Particulars	As at March 31, 2024			As at March 31, 2023		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings	7.68%	17,962.56	23.90%	6.98%	20,527.59	25.09%
Interest rate swap at variable rate	–	–	–	–	–	–
Net exposure to cash flow interest rate risk	**7.68%**	**17,962.56**	**23.90%**	**6.98%**	**20,527.59**	**25.09%**

(c) Sensitivity :

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings. (₹ in crore)

Particulars	Impact on profit after tax		Impact on other components of equity	
	FY 2023-24	FY 2022-23	31-Mar-24	31-Mar-23
Interest rates – increase by 25 basis points *	(35.45)	(41.35)	(35.45)	(41.35)
Interest rates – decrease by 25 basis points*	35.45	41.35	35.45	41.35

** Impact on P/L upto 1 year, holding all other variables constant*

49.11 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

There is no financial asset that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

50 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

Sr. No.	Particulars	F.Y. 2023–24	F.Y. 2022–23
	Statement of Profit and Loss:		
(a)	**Profit and Loss section:**		
	(i) Current tax :		
	Current tax expense for the year	704.56	1,059.67
		704.56	**1,059.67**
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(4.15)	(455.79)
	Effect on deferred tax balances due to the change in income tax rate	–	–
		(4.15)	**(455.79)**
	Income tax expense reported in the statement of profit or loss[(i)+(ii)]	**700.41**	**603.88**

Notes forming part of standalone financial statements

(₹ in crore)

Sr. No.	Particulars	F.Y. 2023–24	F.Y. 2022–23
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items that will not be reclassified to profit or loss in subsequent years:		
	(A) Deferred tax expense/(income):		
	On re–measurement of the defined benefit plans	1.18	(0.36)
		1.18	**(0.36)**
	(ii) Items that will be reclassified to profit or loss in subsequent years:		
	(A) Deferred tax expense/(income):		
	Net gain/(loss) on cost of hedging Reserve	–	(0.78)
	On gains and loss on hedging instruments in a cash flow hedge	(2.10)	20.93
		(2.10)	**20.15**
	Income tax expenses reported in the other comprehensive income [i+ii]	**(0.92)**	**19.79**
(c)	**Other directly reported in balance sheet through reserve:**		
	Current tax (assets)/liabilities		
	– Merger related expenses	(3.89)	(3.89)
	Deferred tax (assets)/liabilities		
	– Merger related expenses	3.89	3.89
	Income tax expense reported directly in balance sheet	**–**	**–**

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

Sr. No.	Particulars		F.Y. 2023–24	F.Y. 2022–23
(a)	Profit/(loss) before tax		2,986.64	2,523.75
(b)	Corporate tax rate as per Income tax Act, 1961		25.168%	25.168%
(c)	Tax on accounting profit	(c)=(a)*(b)	751.68	635.18
(d)	(i) Tax on Income exempt from tax :			
	(A) Deduction of Dividend under Section 80M		(21.86)	(32.62)
	(B) Deduction u/s 80JJA of the Income Tax Act, 1961		–	(5.51)
	(ii) Tax on Income which are taxed at different rates		–	(189.92)
	(ii) Tax on non deductible expenses:			
	(A) Corporate Social Responsibility (CSR) expenses		0.31	4.55
	(B) Provision for dimunition of investments		(97.23)	180.11
	(C) Dividend / Interest on Prefrence Shares and share issue expense		–	12.14
	(C) Others		1.39	–

Notes forming part of standalone financial statements

(₹ in crore)

Sr. No.	Particulars		F.Y. 2023–24	F.Y. 2022–23
	(iii) Tax effect of losses/timing differences of current year on which no deferred tax benefit is recognised		66.14	–
	Total effect of tax adjustments [(i) to (iii)]		**(51.25)**	**(31.25)**
(e)	**Tax expense**	**(e)=(c)+(d)**	**700.42**	**603.93**
(f)	**Effective tax rate**	**(f)=(e)/(a)**	23.45%	23.93%
(g)	**Tax expense recognised during the year**		**700.42**	**603.93**
(h)	**Effective tax rate**	**(h)=(g)/(a)**	23.45%	23.93%

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet

Particulars	As at March 31, 2024		As at March 31, 2023	
	₹ in crore	**Expiry year**	**₹ in crore**	**Expiry year**
Tax losses (Business loss and unabsorbed depreciation)				
– Amount of losses having expiry	–	–	–	–
– Amount of losses having no expiry	–	–	–	–
Carried forward Tax losses (Capital loss)	209.18	AY 2032–33	–	–
Tax losses (capital losses)	–	–	–	–
Total	**209.18**	**–**	**–**	

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(a)	Towards provision for diminution in value of investments	704.06	1,090.40
(b)	Other items	53.60	–
	Total	**757.66**	**1,090.40**

Notes forming part of standalone financial statements

(d) Major components of deferred tax liabilities and deferred tax assets:

(₹ in crore)

Particulars	Deferred tax liabilities/ (assets) as at March 31, 2022	Charge/ (credit) to Statement of Profit and Loss	Charge/(credit) to other comprehensive income	Charge/ (credit) directly in balance sheet (Opening retained earning)	Deferred tax liabilities/ (assets) as at March 31, 2023
Deferred tax liabilities:					
Effective portion of gains and loss on hedging instruments in a cash flow hedge	0.79	–	(0.79)	–	–
– Fair value of investments	–	–	–	–	–
– Interest income recognised on Stage 3 Loans	22.11	(22.11)	–	–	(0.00)
– Unamortised borrowing cost	1.06	(1.06)	–	–	(0.00)
– Deduction under Secion 36(1)(viia)		24.69	–	–	24.69
Net deferred tax liabilities	**23.96**	**1.52**	**(0.79)**	**–**	**24.69**
Deferred tax (assets):					
– Provision on loan assets based on expected credit loss and fair value impact	(1,082.21)	(353.19)	–	–	(1,435.40)
– Provision on trade receivables	(0.76)	(2.87)	–	–	(3.63)
– Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	(3.66)	3.66	–	–	–
– Fair value of investments	(186.43)	(95.36)	(0.68)	–	(282.47)
– Defined benefit obligation (Gratuity and Leave encashment)	(6.81)	(0.50)	(0.34)	–	(7.65)
– Amortisation of expenditure incurred for amalgamation	(13.31)	0.55	–	3.89	(8.87)
– Fair valuation of derivative financial instrument	(21.00)		21.60	–	0.60
– Impact on account of Ind AS 116 – Leases	(3.76)	(0.54)	–	–	(4.30)
– Liability for expenses	(30.82)	(17.26)	–	–	(48.08)
– Difference between book base and tax base of property, plant & equipement, other intangible assets and goodwill	(84.40)	8.18	–	–	(76.22)
Net Deferred tax (assets)	**(1,433.16)**	**(457.33)**	**20.58**	**3.89**	**(1,866.01)**
Net deferred tax liability/(assets)	**(1,409.20)**	**(455.81)**	**19.79**	**3.89**	**(1,841.32)**

Notes forming part of standalone financial statements

(₹ in crore)

Particulars	Deferred tax liabilities/ (assets) as at March 31, 2023	Charge/ (credit) to Statement of Profit and Loss	Charge/(credit) to other comprehensive income	Charge/ (credit) directly in balance sheet (Opening retained earning)	Deferred tax liabilities/ (assets) as at March 31, 2024
Deferred tax liabilities:					
– Interest income recognised on Stage 3 Loans	(0.00)	–	–	–	(0.00)
– Unamortised borrowing cost	(0.00)	–	–	–	–
– Deduction under Secion 36(1)(viia)	24.69	(24.69)	–	–	–
Net deferred tax liabilities	**24.69**	**(24.69)**	**–**	**–**	**–**
Deferred tax (assets):					
– Provision on loan assets based on expected credit loss and fair value impact	(1,435.40)	385.87	–	–	(1,049.53)
– Provision on trade receivables	(3.63)	(1.51)	–	–	(5.14)
– Amortisation of processing fee on corporate loans based on effective interest income which was previously recognised as revenue in the period of accrual	–	–	–	–	–
– Fair value of investments	(282.47)	(336.66)	–	–	(619.12)
– Defined benefit obligation (Gratuity and Leave encashment)	(7.65)	(2.49)	1.18	–	(8.96)
– Amortisation of expenditure incurred for amalgamation	(8.87)	(3.48)	–	3.89	(8.45)
– Fair valuation of derivative financial instrument	0.60	–	(2.10)	–	(1.50)
– Impact on account of Ind AS 116 – Leases	(4.30)	(0.48)	–	–	(4.78)
– Liability for expenses	(48.08)	(27.07)	–	–	(75.15)
– Difference between book base and tax base of property, plant & equipement, other intangible assets and goodwill	(76.22)	6.37	–	–	(69.85)
Net Deferred tax (assets)	**(1,866.01)**	**20.55**	**(0.92)**	**3.89**	**(1,842.48)**
Net deferred tax liability/(assets)	**(1,841.32)**	**(4.14)**	**(0.92)**	**3.89**	**(1,842.48)**

Notes forming part of standalone financial statements

51 The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India vide circular no. RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended (the "RBI Master Directions").

The disclosures as required by the RBI Master Directions has been prepared as per Indian Accounting Standards as mentioned in RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/ 22.10.106/2019-20 dated March 13, 2020.

During the current financial year, L&T Finance Limited ("LTF"), L&T Infra Credit Limited (formerly known as L&T Infra Debt Limited) ("ICL") and L&T Mutual Fund Trustee Limited ("LTMFTL") merged with the company i.e. L&T Finance Holdings Limited which under the scheme is renamed as L&T Finance Limited ("the Company") (refer note 55). The Figures for the current financial year under the disclosure as required in RBI Master Directions represents the figures of the amalgamated Company from the appointed date April 01, 2023. The Figures for the previous financial year are same as disclosed in the previous year audited financial Statement of the Company, hence figures for the current year ended March 31, 2024 are not comparable with figures for the previous year ended March 31, 2023.

51.1 Capital :

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
i)	CRAR (%)	22.84%	98.89%
ii)	CRAR - Tier I Capital (%)	21.02%	NA
iii)	CRAR - Tier II Capital (%)	1.82%	NA
iv)	Amount of subordinated debt raised as Tier-II capital* (Repaid during the year ₹ Nil , previous year Nil)	–	–
v)	Amount raised by issue of Perpetual Debt Instruments (Raised during the year ₹ Nil, previous year ₹ Nil)	–	–
vi)	Percentage of the amount of Perpetual Debt Instruments of the amount of its Tier I Capital	1.73%	–

* Discounted value of ₹ 654.89 crore (Previous year ₹ 1,015.99 crore) considered for Tier II capital against the book value of ₹ 2,173.59 crore (Previous year ₹ 2,393.68 crore).

51.2 Investments :

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(1)	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	13,103.27	11,391.51
	(b) Outside India	–	–
	(ii) Provisions for Depreciation*		
	(a) In India	728.49	–
	(b) Outside India		–
	(iii) Net Value of Investments		
	(a) In India	12,374.78	11,391.51
	(b) Outside India	–	–

Notes forming part of standalone financial statements

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(2)	**Movement of provisions held towards depreciation on investments***		
	(i) Opening balance	–	–
	(ii) Transferred of erstwhile L&T Finance Limited (refer note 55)	7.07	–
	(iii) Add : Provisions made during the year	721.42	–
	(iv) Less : Write–off / write–back of excess provisions during the year	–	–
	(v) Closing balance	728.49	–

*Provision for depreciation on Investments includes provision towards impairment of financial instruments.

51.3 Derivatives :

I) Forward Rate Agreement / Interest Rate Swap (also includes currency interest rate swaps)

(₹ in crore)

	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	The notional principal of swap agreements	2,302.27	–
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	188.42	–
(iii)	Collateral required by the NBFC upon entering into swaps	–	–
(iv)	Concentration of credit risk arising from the swaps	–	–
(v)	The fair value of the swap book	188.42	–

II) Exchange Traded Interest Rate (IR) Derivatives: The Company has not traded in exchanged traded Interest Rate Derivative during the financial year ended March 31, 2024 (Previous year : Nil).

III) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

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

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI.

Quantitative Disclosures for Financial Year 2023-24

(₹ in crore)

	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional principal amount)	1,902.27	400.00
(ii)	Market to Market position	–	–
	(a) Asset (+)	185.87	2.55
	(b) Liability (–)	(2.88)	–
(iii)	Credit exposure	–	–
(iv)	Unhedged exposure	–	–

Quantitative Disclosures for Financial Year 2022-23

(₹ in crore)

	Particulars	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional principal amount)	–	–
(ii)	Market to Market position	–	–
	(a) Asset (+)	–	–
	(b) Liability (–)	–	–
(iii)	Credit exposure	–	–
(iv)	Unhedged exposure	–	–

51.4 Securitisation:

I) The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

S. No.	Particulars	No. / Amount	
		As at March 31, 2024	As at March 31, 2023
1	No of SPEs holding assets for securitisation transactions originated by the originator	4	–
2	Total amount of securitised assets as per books of the SPEs	957.82	–
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	–	–
	a) Off-balance sheet exposures		
	First loss	–	–
	Others	–	–
	b) On-balance sheet exposures		
	First loss	–	–
	Cash collateral in the form of term deposits with banks	149.76	
	Others	–	–
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	–	–
	Excess interest Spread	108.67	
	Others	–	–

Notes forming part of standalone financial statements

S. No.	Particulars	No. / Amount	
		As at March 31, 2024	As at March 31, 2023
	ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	First loss	–	–
	Others	–	–
	ii) Exposure to third party securitisations		
	First loss	–	–
	Others	–	–
5	Sale consideration received for the securitised assets	1497.60	–
	Gain/loss on sale on account of securitisation	–	
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. The Company has assumed Role of Servicer for all outstanding securitisation transactions. Servicing fee received during the financial year is disclosed.	0.33	–
7	Performance of facility provided		
	Cash collateral in the form of term deposits with banks		
	(a) Amount paid (during the year)	149.76	–
	(b) Repayment received (during the year)	–	–
	(c) Outstanding amount	149.76	–
8	Average default rate of portfolios observed in the past Agriculture & allied activities* * % of NPA to total advances to that asset class (FY23)	7.20%	–
9	Amount and number of additional/top up loan given on same underlying asset	–	–
10	Investor complaints		–
	(a) Directly/Indirectly received and;	28	
	(b) Complaints outstanding	1	

II) Details of securitisation transactions undertaken by applicable NBFCs

There are no securitisation transactions except in the above mentioned table during the year (previous year : Nil).

III) Details of Assignment transactions undertaken by applicable NBFCs

There are no assignment transactions during the year (previous year : Nil), hence relevant disclosure is not applicable.

IV) Details of non-performing financial assets purchased/sold from/to NBFCs: During the current and previous year, no non-performing financial assets has been purchased/sold from/to other NBFCs.

V) Disclosure of financials assets sold to securitisation company pursuant to RBI circular no RBI/DOR/2021-22/86 DOR.STR.REC.51/ 21.04.048/2021-22 dated September 24, 2021:

a) Asset sold to ARCs:

(₹ in crore)

Sr No	Particulars	2023–24		2022–23	
		NPA	SMA	NPA	SMA
1	No. of accounts sold	18.00	50	–	–
2	Aggregate principal outstanding of loans transferred (₹ in crores)	1,395.89	2,499	–	–
3	Weighted average residual tenor of the loans transferred (months)	2.20	5	–	–
4	Net book value of loans transferred (at the time of transfer) (₹ in crores)	874.47	2,060	–	–
5	Aggregate consideration (₹ in crores)	876.55	2,069	–	–
6	Additional consideration realized in respect of accounts transferred in earlier years (₹ in crores)	–	–	–	–
7	Provision reversed to the profit and loss account (₹ in crores)	(737.66)	(608)	–	–

b) Details of loans not in default transferred during the year to other than ARCs *:

₹ in crore

Sr No	Particulars	2023–24	2022–23
1	Count of loans assigned	75	–
2	Amount of loan account assigned (₹ in crore)	6,517.68	–
3	Weighted average maturity (years) (from the date of transfer)	14.5	–
4	Weighted average holding period (years)	2.25	–
5	Retention of beneficial economic interest	Nil	–
6	Coverage of tangible security	Greater than 1x	–
7	Rating wise distribution of rated loans	Category AAA to D	–

*There are no instances of transfer of loans where the entity has agreed to replace loans transferred to transferee(s) or pay damages arising out of any representation or warranty.

c) The Company has not acquired any loans not in default during the year ended March 31, 2024 (previous year Nil).

d) The company has not acquired any stressed assets during the year (previous year Nil).

Notes forming part of standalone financial statements

e) Security Receipts (SRs) rating for the transactions during the year:

(₹ in crore)

Particulars	2023–24		2022–23	
	Rating Agency	Rating	Rating Agency	Rating
CFMARC Trust 124	Infomerics Valuation and Rating Private Limited	IVR RR2	–	–
PHOENIX TRUST–FY23–37	India Ratings & Research Private Limited	IND RR2	–	–
PHOENIX TRUST–FY24–5	Crisil	RR1	–	–
PRUDENT TRUST– 89/23#	Informics Valuation and Rating Pvt Ltd	NA	–	–

These transactions were done during the financial year 2023-24. The initial rating of ARC trust is under process.

51.5 Exposures

(I) Exposure to Real Estate Sector: Refer note 52.

(II) Exposure to Capital Market: Refer note 52.

(III) Details of financing of parent company products: Nil (Previous year : Nil)

(IV) Single Borrower Limit (SBL) or Group Borrower Limit (GBL) as prescribed by the RBI.

The company has not exceeded the Single Borrower Limit (SBL) or Group Borrower Limit (GBL) as prescribed by the RBI based on the tier I capital as on March 31, 2024.

(V) Unsecured Advances (net off provision):

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Term loans	29,067.53	–
Debentures	–	–
Intercorporate Deposit	–	2,357.25
Personal Loans	5,990.36	–
Total	**35,057.89**	**2,357.25**

Note : There are no advances outstanding as on March 31, 2024 against which intangible securities has been taken as collateral. (Previous year : Nil)

51.6 Miscellaneous

(I) Registration obtained from other financial sector regulators : No registration has been obtained from other financial sector regulators.

(II) Penalties imposed by RBI and other regulators : No penalties have been imposed by RBI or other regulators during the year. (Previous Year: Nil)

Notes forming part of standalone financial statements

(III) Ratings assigned by credit rating agencies and migration of ratings during the year

	Particular	FY 2023-2024				FY 2022-2023			
		CRISIL	CARE	ICRA	India Ratings	CRISIL	CARE	ICRA	India Ratings
(i)	Commercial Paper	CRISIL A1+	CARE A1+	ICRA A1+		CRISIL A1+	CARE A1+	ICRA A1+	IND A1+
(ii)	Non-Convertible Debentures	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)
(iii)	Bank facilities	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable) IND A1+	–	–	–	–
(iv)	Subordinate Debts	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)	–	–	–	–
(v)	Perpetual Debt	–	CARE AA+ (Stable)	ICRA AA+ (Stable)	–	–	–	–	–
(vi)	Non-Convertible Debentures (Public Issue)	CRISIL AAA (Stable)	CARE AAA (Stable)	ICRA AAA (Stable)	IND AAA (Stable)	–	–	–	–
(vii)	Principal Protected Market-Linked Debenture	CRISIL PPMLD AAA (Stable)	CARE PP–MLD AAA (Stable)	PP–MLD ICRA AAA (Stable)	IND PP–MLD AAA (Stable)	–	–	–	–
(viii)	CRPS	CRISIL AAA (Stable)	CARE AAA (Stable)	–	–	CRISIL AAA (Stable)	CARE AAA (Stable)	–	–

(IV) Postponements of revenue recognition: Current year: Nil (Previous year: Nil)

51.7 Provisions and Contingencies :

(I) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in crore)

Particulars	FY 2023–2024	FY 2022–2023*
Provision for depreciation on investments	721.42	–
Provision towards NPA	1,152.36	–
Provision made towards Income tax	700.41	–
Other Provision and Contingencies (with details)**	1,524.98	–
Provision for Standard Assets	(901.23)	–

* Provision on loan assets and Provision for depreciation on Investments is considered as allowance for impairment loss on financial instruments.

** Includes loans written off/foreclosure during the year and provision on trade receivables

(II) Drawn down from reserves: No draw down from reserves during the financial year (Previous year: Nil)

Notes forming part of standalone financial statements

51.8 Concentration of Advances, Exposures and NPAs

(I) Concentration of Advances

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Advances to twenty largest borrowers	5,330.57	–
Percentage of advances to twenty largest borrowers to total advances of the Company	6.23%	–

(II) Concentration of Exposures

(₹ in crore)

Particulars	As at March 31, 2024*	As at March 31, 2023*
Total Exposure to twenty largest borrowers/customers#	5,330.57	–
Percentage of total exposure to twenty largest borrowers / customers to total exposure of the Company on borrowers / customers #	6.23%	–

Undisbursed commitments are considered as Nil on account of conditions precedent to disbursements.

*Exclude Security Receipts

(III) Concentration of NPA

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Total Exposure to top four NPA accounts	445.47	–

(IV) Sector-wise NPAs

(₹ in crore)

	Particulars	Percentage to Total Advances in that Sector	
		As at March 31, 2024	As at March 31, 2023
1	Agriculture & allied activities	8.12%	–
2	MSME	1.04%	–
3	Corporate borrowers	7.48%	–
4	Services	0.00%	–
5	Unsecured personal loans	4.04%	–
6	Auto loans	4.63%	–
7	Other personal loans	2.37%	–

Notes forming part of standalone financial statements

51.9 Movement of NPAs

(₹ in crore)

	Particulars	FY 2023–2024	FY 2022–2023
(i)	Net NPAs to Net Advances (%)	1.67%	–
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance		–
	(b) Transferred from amalgamating companies (refer note 55)	4,480.87	–
	(c) Additions during the year	3,548.08	–
	(d) Reductions during the year	4,523.92	–
	(e) Closing balance	3,505.03	–
(iii)	Movement of Net NPAs		
	(a) Opening balance		
	(b) Transferred from amalgamating companies (refer note 55)	1,783.37	–
	(b) Additions during the year	1,684.79	–
	(c) Reductions during the year	2,070.54	–
	(d) Closing balance	1,397.62	–
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance		
	(b) Transferred from amalgamating companies (refer note 55)	2,697.50	–
	(b) Provisions made during the year	1,863.28	–
	(c) Write–off / write–back of excess provisions	2,453.37	–
	(d) Closing balance	2,107.41	–

Note: Above numbers are based on quarterly movement.

51.10 Disclosure of customer complaints

(₹ in crore)

	Particulars	FY 2023–2024	FY 2022–2023
(i)	No. of complaints pending at the beginning of the year	–	–
(ii)	No. of complaints transferred from amalgamating companies (refer note 55)	1,711	–
(ii)	No. of complaints received during the year	27,529	–
(iii)	No. of complaints redressed during the year	28,473	–
(iv)	No. of complaints pending at the end of the year	767	–

51.11 Resolution of stressed assets

During the year ended March 31, 2024, the Company has not implemented resolution plan under the prudential framework for stressed assets issued by RBI vide circular no RBI/2018-19/203 DBR.No.BP. BC.45/21.04.048/2018-19 dated June 7, 2019.

Notes forming part of standalone financial statements

51.12 Disclosure on Resolution Framework – 1.0: Resolution Framework for COVID-19-related Stress in terms of RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 ("Resolution Framework – 1.0"):

Format B: (₹ in crore)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year**	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year**
	(A)	**(B)**	**(C)**	**(D)**	**(E)**
Personal Loans	716.70	113.09	–	58.64	547.94
Corporate persons*/**	91.74	14.48	–	3.09	**74.17**
Of which, MSMEs	–	–	–	–	–
Others	–	–	–	–	–
Total	**808.43**	**127.57**	**–**	**61.73**	**622.11**

**As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.*

*** includes additional disbursement post implementation and interest accrued upto March 31, 2024.*

51.13 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

(₹ in crore)

March 31, 2024	1–7 Days	8–14 Days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets:											
Deposits	–	–	–	–	–	–	–	–	–	–	**–**
Advances (gross)	1,832.02	536.37	262.85	2,794.53	3,023.36	8,579.13	16,420.58	28,849.12	7,532.28	14,387.87	**84,218.11**
Investments (net)	2,926.99	–	1,250.84	198.02	393.80	–	421.11	113.84	–	7,039.22	**12,343.82**
Foreign Currency assets	–	–	–	–	–	–	–	–	–	–	**–**
Liabilities:											
Borrowings*	400.00	156.16	863.14	3,160.75	4,072.10	5,450.99	11,532.65	38,682.78	4,220.91	6,624.60	**75,164.08**
Foreign Currency liabilities	–	–	–	–	864.55	–	69.34	691.03	277.35	–	**1,902.27**

* Including ECB loan

footnote: The above bucketing has been arrived at based on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on November 29,2023 and relied upon by the auditors.

Notes forming part of standalone financial statements

(₹ in crore)

March 31, 2023	1–7 Days	8–14 Days	15 days to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets:											
Deposits	–	–	–	–	–	–	–	–	–	–	**–**
Advances (gross)	–	–	50.76	50.00	58.80	382.19	1,815.96	–	–	–	**2,357.71**
Investments (net)	14.01	–	–	–	–	–	–	–	–	11,377.50	**11,391.51**
Foreign Currency assets	–	–	–	–	–	–	–	–	–	–	**–**
Liabilities:											
Borrowings*	–	–	–	–	–	–	–	5.00	–	–	**5.00**
Foreign Currency liabilities	–	–	–	–	–	–	–	–	–	–	**–**

* Including ECB loan

footnote: The above bucketing has been arrived on the extant regulatory guidelines and the policy approved by the Board of Directors at its meeting held on October 20, 2022 and relied upon by the auditors.

51.14 Disclosures on Implementation of Indian Accounting Standards, in terms of RBI circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

March 31, 2024

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS as on March 31, 2024*	Loss Allowances (Provisions) as required under Ind AS 109 as on March 31, 2024*	Net Carrying Amount as on March 31, 2024	Provisions required as per IRACP norms as on 31, 2024	Difference between Ind AS 109 provisions and IRACP norms as on 31, 2024
(1)	**(2)**	**(3)**	**(4)**	**(5)=(3)-(4)**	**(6)**	**(7) = (4)-(6)**
Performing Assets						
Standard	Stage 1	79,496.81	1,652.87	77,844.03	326.18	1,326.70
	Stage 2	2,562.68	444.84	2,117.84	75.95	368.89
Subtotal of Performing Assets		**82,059.49**	**2,097.71**	**79,961.87**	**402.14**	**1,695.59**
Non-Performing Assets (NPA)						
Substandard and Doubtful	Stage 1	79.99	1.40	78.59	8.83	–7.43
Substandard and Doubtful	Stage 2	727.04	68.97	658.08	72.65	–3.70
Substandard	Stage 3	1,517.78	1,057.49	460.29	142.82	914.68

Notes forming part of standalone financial statements

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS as on March 31, 2024*	Loss Allowances (Provisions) as required under Ind AS 109 as on March 31, 2024*	Net Carrying Amount as on March 31, 2024	Provisions required as per IRACP norms as on 31, 2024	Difference between Ind AS 109 provisions and IRACP norms as on 31, 2024
(1)	**(2)**	**(3)**	**(4)**	**(5)=(3)-(4)**	**(6)**	**(7) = (4)-(6)**
Doubtful - up to 1 year	Stage 3	653.76	633.38	20.39	381.24	252.14
1 to 3 years	Stage 3	513.10	327.20	185.78	123.90	203.30
More than 3 years	Stage 3	13.36	13.36	–	7.26	6.10
Subtotal of Non-Performing Assets		**3,505.03**	**2,101.81**	**1,403.12**	**736.70**	**1,365.09**
Loss	Stage 3	–	–	–	–	–
Subtotal		**85,564.52**	**4,199.52**	**81,364.99**	**1,138.84**	**3,060.68**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
	Stage 1	–	–	–	–	–
Non fund base exposure	Stage 2	–	–	–	–	–
	Stage 3	56.00	5.60	50.40	–	5.60
Subtotal		**56.00**	**5.60**	**50.40**	**–**	**5.60**
	Stage 1	**79,576.80**	**1,654.27**	**77,922.62**	**335.02**	**1,319.27**
Total	**Stage 2**	**3,289.72**	**513.81**	**2,775.92**	**148.60**	**365.19**
	Stage 3	**2,754.01**	**2,037.05**	**716.85**	**655.21**	**1,381.82**
	Total	**85,620.52**	**4,205.13**	**81,415.39**	**1,138.83**	**3,066.28**

* includes fair valuation impact on loans classified as Fair value through Profit & Loss (FVTPL).

Footnote: As per para 2(b) of RBI circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, Where impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) (including standard asset provisioning), NBFCs shall appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. However total IND AS 109 impairment allowance is higher by ₹ 3,066.28 crore as compare to IRACP, hence appropriation to impairment reserve is not required during the financial year.

Notes forming part of standalone financial statements

March 31, 2023

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS as on March 31, 2023*	Loss Allowances (Provisions) as required under Ind AS 109 as on March 31, 2023*	Net Carrying Amount as on March 31, 2023	Provisions required as per IRACP norms as on March 31, 2023	Difference between Ind AS 109 provisions and IRACP norms as on March 31, 2023
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	2,357.71	0.46	2,357.25	9.43	(8.97)
	Stage 2	–	–	–	–	–
Subtotal of Performing Assets		**2,357.71**	**0.46**	**2,357.25**	**9.43**	**(8.97)**
Non–Performing Assets (NPA)						
Substandard	Stage 3	–	–	–	–	–
Doubtful – up to 1 year	Stage 3	–	–	–	–	–
1 to 3 years	Stage 3	–	–	–	–	–
More than 3 years	Stage 3	–	–	–	–	–
Subtotal of Non–Performing Assets		**–**	**–**	**–**	**–**	**–**
Loss	Stage 3	–	–	–	–	–
Subtotal		**2,357.71**	**0.46**	**2,357.25**	**9.43**	**(8.97)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
	Stage 1	–	–	–	–	–
Non fund base exposure	Stage 2	–	–	–	–	–
	Stage 3	–	–	–	–	–
Subtotal		**–**	**–**	**–**	**–**	**–**
	Stage 1	**2,357.71**	**0.46**	**2,357.25**	**9.43**	**(8.97)**
Total	**Stage 2**	**–**	**–**	**–**	**–**	**–**
	Stage 3	**–**	**–**	**–**	**–**	**–**
	Total	**2,357.71**	**0.46**	**2,357.25**	**9.43**	**(8.97)**

* includes fair valuation impact on loans classified as Fair value through Profit & Loss (FVTPL).

Note: Impairment reserve ₹ 8.97 crore was created in the company previously, which has been now carried forward to amalgamated Company (refer note 55).

Notes forming part of standalone financial statements

51.15 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 19 of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended)

Liabilities Side:

1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:

(₹ in crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a) Debentures :				
– Secured	25,887.73	–	–	–
– Unsecured	–	–	–	–
(Other than falling within the meaning of Public Deposits)*				
(b) Deferred Credits				
(c) Term Loans	24,352.38	–	–	–
(d) Inter–Corporate Loans and borrowings	–	–	–	–
(e) Commercial Paper (Net off unexpired discounting charges)	3,681.72	–	–	–
(f) Public Deposits	–	–	–	–
(g) Other Loans	–	–	–	–
i) Foreign Currency Loan	–	–	–	–
ii) External commercial borrowings	2,105.51	–	–	–
iii) Bank Overdraft, Cash credit & Working Capital Demand Loan	16,590.58	–	–	–
iv) Corporate Bond Repo and Collateralized Borrowing and Lending Obligation	399.18	–	–	–
v) Cash Credit	25.00	–	5.00	–
vi) Associated liability related to securitisation transactions	957.82	–	5.00	–

* Refer footnote 1 below

2 Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :

(₹ in crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a) In the form of Unsecured debentures	–	–	–	–
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	–	–	–	–
(c) Other public deposits	–	–	–	–

* Refer footnote 1 below

Notes forming part of standalone financial statements

Assets Side:

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

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2024	As at March 31, 2023
(a) Secured (net of provision)	46,307.55	–
(b) Unsecured (net of provision)	35,051.84	2,357.71

4. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards Asset Finance Company (AFC) activities

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2024	As at March 31, 2023
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	–	–
(b) Operating Lease (net of provision)	–	–
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on Hire	–	–
(b) Repossessed Assets	–	–
(iii) Other loans counting towards AFC activities :		
(a) Loans where assets have been repossessed	–	–
(b) Loans other than (a) above	–	–

5. Break-up of Investments (net off diminution) :

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2024	As at March 31, 2023
Current Investments		
1 Quoted		
(i) Shares :		
(a) Equity	16.14	–
(b) Preference	–	–
(ii) Debentures and Bonds	498.29	–
(iii) Units of Mutual Funds	2,353.43	14.01
(iv) Government Securities	–	–
2 Unquoted		
(i) Shares :		
(a) Equity	–	–
(b) Preference	–	–

Notes forming part of standalone financial statements

(₹ in crore)

Particulars	Amount Outstanding	
	As at March 31, 2024	As at March 31, 2023
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	2,353.86	–
(v) Investment in Units/Pass Through Certificates	–	–
Long Term Investments		
1 Quoted		
(i) Shares :		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–
2 Unquoted		
(i) Shares :		
(a) Equity	169.58	11,377.50
(b) Preference	–	–
(ii) Debentures and Bonds	113.84	–
(iii) Units of Mutual Funds	–	–
(iv) Government Securities	–	–
(v) Others :		–
(a) Security receipts	6,769.50	–
(b) Investment in Units/Pass Through Certificates/Venture Capital Fund	100.14	–

6. Borrower group-wise classification of assets financed as in (3) and (4) above (see footnote 2 below) :

(₹ in crore)

Category	As at March 31, 2024		As at March 31, 2023	
	Secured (net of provision)	Unsecured (net of provision)	Secured (net of provision)	Unsecured (net of provision)
1 Related Parties **				
(a) Subsidiaries	–	–	–	2,357.71
(b) Companies in the same group	–	–	–	–
(c) Other related parties	–	–	–	–
2 Other than related parties	46,307.55	35,051.84	–	–
Total	**46,307.55**	**35,051.84**	**–**	**2,357.71**

** As per Indian Accounting Standard issued by MCA (Please see footnote 3)

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

Category	As at March 31, 2024		As at March 31, 2023	
	Market value/ Breakup Value/ Fair Value / NAV	Book Value (Net of Provision)	Market value/ Breakup Value/ Fair Value / NAV	Book Value (Net of Provision)
1 Related Parties**				
(a) Subsidiaries	167.85	167.85	18,700.04	11,377.50
(b) Companies in the same group	–	–	–	–
(c) Other related parties	–	–	–	–
2 Other than related parties	12,935.42	12,206.93	–	–
Total	**13,103.27**	**12,374.78**	**18,700.04**	**11,377.50**

** As per Indian Accounting Standard issued by MCA (Please see footnote 3)

8. **Other Information**

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Gross Non-Performing Assets	3,505.03	
(a) Related parties	–	–
(b) Other than related parties	3,505.03	–
(ii) Net Non-Performing Assets		
(a) Related parties	–	–
(b) Other than related parties	1,397.62	–
(iii) Assets acquired in satisfaction of debt (Gross)	822.08	–

Footnotes:

1. As defined in point xxvii of paragraph 3 of Chapter-II of these Directions.
2. Provisioning norms shall be applicable as prescribed in Indian Accounting Standards by MCA.
3. All Indian Accounting Standards issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt.

52 The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued by Reserve Bank of India vide circular no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 as amended (the "RBI Master Directions")

The disclosures as required by the RBI Master Directions has been prepared as per Indian Accounting Standards as mentioned in RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

During the current financial year, L&T Finance Limited ("LTF"), L&T Infra Credit Limited (formerly known as L&T Infra Debt Limited) ("ICL") and L&T Mutual Fund Trustee Limited ("LTMFTL") merged with the company i.e. L&T Finance Holdings Limited which under the scheme is renamed as L&T Finance Limited ("the Company")

Notes forming part of standalone financial statements

(refer note 55). The Figures for the current financial year under the disclosure as required in RBI Master Directions represents the figures of the amalgamated Company from the appointed date April 01, 2023. The Figures for the previous financial year are same as disclosed in the previous year audited financial Statement of the Company, hence figures for the current year ended March 31, 2024 are not comparable with figures for the previous year ended March 31, 2023.

1) Exposure to real estate sector

(₹ in crore)

Category	As at March 31, 2024	As at March 31, 2023
i) Direct exposure		
a) Residential Mortgages –	17,201.56	–
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non–fund based (NFB) limits.		
b) Commercial Real Estate –	4,235.51	–
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non–fund based (NFB) limits.		
c) Investments in Mortgage–Backed Securities (MBS) and other securitized exposures –		
i. Residential	5,464.90	–
ii. Commercial Real Estate	673.30	–
ii) Indirect Exposure	33.91	–
Total Exposure to Real Estate Sector	**27,609.17**	**–**

2) Exposure to capital Market

(₹ in crore)

Category	As at March 31, 2024	As at March 31, 2023
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	634.44	–
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	–	–
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	–	–

Notes forming part of standalone financial statements

(₹ in crore)

Category	As at March 31, 2024	As at March 31, 2023
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	–	–
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	–	–
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	–	–
vii) Bridge loans to companies against expected equity flows / issues	–	–
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	–	–
ix) Financing to stockbrokers for margin trading	–	–
x) All exposures to Alternative Investment Funds:		
(i) Category I	269.09	–
(ii) Category II	17.77	–
(iii) Category III	–	–
(xi) all exposures to Venture Capital Funds (both registered and unregistered)	2.73	–
(xii) Others	–	–
Total exposure to capital market	**924.04**	**–**

3) Sectoral exposure

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off–balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off–balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	13,904.71	1,131.57	8.14%	–	–	–
2. Industry						
i. Electricity Generation	1,666.82	–	0.00%	–	–	–
ii. Roads	1,408.75	–	0.00%	–	–	–
Others	1,543.89	76.67	1.66%	–	–	–
Total–Industry (i+ii+others)	**4,619.46**	**76.67**	**1.66%**	**–**	**–**	**–**

Notes forming part of standalone financial statements

Sectors	As at March 31, 2024			As at March 31, 2023		
	Total Exposure (includes on balance sheet and off–balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off–balance sheet exposure) (₹ in crore)	Gross NPAs (₹ in crore)	Percentage of Gross NPAs to total exposure in that sector
3. Services						
i. Commercial Real Estate	2,336.94	427.07	11.08%	–	–	–
ii. Others	1,516.66	8.95	0.23%	–	–	–
Total of Services (i+ii)	**3,853.60**	**436.02**	**11.31%**	**–**	**–**	**–**
4. Personal Loans	6,941.52	307.29	4.43%	–	–	–
5. Others						
i. Housing Loans	14,624.12	234.56	1.60%	–	–	–
ii. Vehicle Loans	11,629.58	539.53	4.64%	–	–	–
iii. Micro Finance Loans	1,313.32	22.60	1.72%	–	–	–
iv. Loans Against Property	4,803.00	204.48	4.26%	–	–	–
v. Business Loans	1,245.09	11.75	0.94%	–	–	–
vi. Micro Loans	23,628.12	596.57	2.52%	–	–	–
Total of Others (i+ii+iii+iv+v+vi+vii)	**57,243.22**	**1,609.48**	**2.81%**	**–**	**–**	**–**
Grand Total	**86,562.51**	**3,561.03**	**4.11%**	**–**	**–**	**–**

4) Intra-group exposures

(₹ in crore)

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
i)	Total amount of intra-group exposures	–	2,357.71
ii)	Total amount of top 20 intra-group exposures	–	–
	- Erstwhile L&T Finance Limited	–	2,357.71
	- L&T Financial Conultants Limited	–	–
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers		
	- Erstwhile L&T Finance Limited	–	100.00%
	- L&T Financial Conultants Limited	–	–

5) Unhedged foreign currency exposure

There is no Unhedged foreign currency exposure as at March 31, 2024. (Previous year Nil)

6. **The following additional information is disclosed in the terms of Scale bases regulations issued by Reserve Bank of India vide circular no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 as amended (the "Scale Based Directions").**

i) Related Party Transactions during the year

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel[1]		Relatives of Key Management Personnel[1]		Others[2]		Total	
Items	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**	**As at March 31, 2024**	**As at March 31, 2023[3]**
Borrowings	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances (Net asset transfer)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1) Inter corporate deposits given														
a) Erstwhile L&T Finance Limited	–	–	–	6,085.57	–	–	–	–	–	–	–	–	–	6,085.57
b) L&T Financial consultants Limited	–	–	–	284.58	–	–	–	–	–	–	–	–	–	284.58
2) Inter corporate deposits repaid (including interest)														
a) Erstwhile L&T Finance Limited	–	–	–	4,746.08	–	–	–	–	–	–	–	–	–	4,746.08
b) L&T Financial Consultants Limited	–	–	–	396.45	–	–	–	–	–	–	–	–	–	396.45
Investments														
a) Erstwhile L&T Finance Limited	–	–	–	1,980.00	–	–	–	–	–	–	–	–	–	1,980.00
b) L&T Financial consultants Limited	–	–	–	144.00	–	–	–	–	–	–	–	–	–	144.00
c) L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	–	–	–	51.38	–	–	–	–	–	–	–	–	–	51.38
d) L&T Infra Investment Partners	–	–	3.66	–	–	–			–		–		3.66	–
Purchase of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid														
a) Larsen & Toubro Limited	43.23	–	–	–	–	–	–	–	–	–	–	–	43.23	–
b) LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	–	–	–	–	–	–	–	–	–	–	7.51	–	7.51	–
c) L&T Technology Services Limited	–	–	–	–	–	–	–	–	–	–	1.62	–	1.62	–
Interest received														
a) Erstwhile L&T Finance Limited	–	–	–	141.04	–	–	–	–	–	–	–	–	–	141.04
b) L&T Financial Consultants Limited	–	–	–	5.84	–	–	–	–	–	–	–	–	–	5.84
Others														
a) Brand licence fees	119.29	20.77	–	–	–	–	–	–	–	–	–	–	119.29	20.77
b) IT Professional charges	–	–	–	–		–		–		–	16.68	–	16.68	–
c) Dividend Income	–	–	–	(191.49)	–	–	–	–	–	–	–	–	–	(191.49)
d) Rent and Maintenance Cost	–	–	52.72	0.06	–	–	–	–	–	–	–	–	52.72	0.06
e) ESOP Charges recovered	–	–	0.16	24.21	–	–	–	–	–	–	–	–	0.16	24.21
e) Others	8.69	0.05	1.51	12.57	–	–	29.87	14.60	–	–	–	–	40.07	27.22

1. Includes transaction with directions amounting to ₹ 2.80 Crore (previous year: ₹ 1.57Crore). There is no transaction with relative of directions during the current and previous year.
2. Transactions with Fellow Subsidiary Companies
3. Refer note 55

Notes forming part of standalone financial statements

ii) Related Party Balances - At the end of the year

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
Items	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]	As at March 31, 2024	As at March 31, 2023[1]
Borrowings														
a) Larsen & Toubro Limited	310.38	–	–	–	–	–	–	–	–	–	–	–	310.38	–
b) LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	–	–	–	–	–	–	–	–	–	–	124.50	–	124.50	–
c) L&T Technology Services Limited	–	–	–	–	–	–	–	–	–	–	25.00	–	25.00	–
Deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances													–	–
a) Erstwhile L&T Finance Limited	–	–	–	2,357.71	–	–	–	–	–	–	–	–	–	2,357.71
Investments														
a) Erstwhile L&T Finance Limited	–	–	–	11,017.47	–	–	–	–	–	–	–	–	–	11,017.47
b) L&T Infra Investment Partners Advisory Private Limited	–	–	5.00	–	–	–	–	–	–	–	–	–	5.00	–
c) L&T Infra Investment Partners Trustee Private Limited	–	–	0.10	–	–	–	–	–	–	–	–	–	0.10	–
d) L&T Financial Consultants Limited	–	–	162.75	162.75	–	–	–	–	–	–	–	–	162.75	162.75
e) L&T Infra Investments Partner Fund	–	–	72.76	–	–	–	–	–	–	–	–	–	72.76	–
f) L&T Infra Credit Limited (formerly known as L&T Infra Debt Fund Limited)	–	–	–	197.13	–	–	–	–	–	–	–	–	–	197.13
g) L&T Mutual Fund Trustee Limited				0.15									–	0.15
Purchase of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sale of fixed/other assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest paid	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest received	–	–	–	–	–	–	–	–	–	–	–	–	–	–

1. Refer note 55

iii) Maximum related party outstanding during the year

(₹ in crore)

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
Items	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]	FY 2023-24	FY 2022-23[1]
Borrowings														
a) Larsen & Toubro Limited	997.46	–	–	–	–	–	–	–	–	–	–	–	997.46	–
b) LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	–	–	–	–	–	–	–	–	–	–	110.27	–	110.27	–
c) L&T Technology Services Limited	–	–	–	–	–	–	–	–	–	–	25.10	–	25.10	–
Deposits											–	–	–	–
Placement of deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Advances	–	–	–		–	–	–	–	–	–	–	–	–	–
a) Erstwhile L&T Finance Limited	–	–	–	4,493.66	–	–	–	–	–	–	–	–	–	4,493.66
b) L&T Financial Consultants Limited	–	–	–	111.87	–	–	–	–	–	–	–	–	–	111.87
Investments	–	–	–		–	–	–	–	–	–	–	–	–	–
a) Erstwhile L&T Finance Limited	–	–	–	11,017.47	–	–	–	–	–	–	–	–	–	11,017.47
b) L&T Financial Consultants Limited	–	–	162.75	162.75	–	–	–	–	–	–	–	–	162.75	162.75
c) L&T Infra Credit Limited(formerly known as L&T Infra Debt Fund Limited)	–	–	–	197.13	–	–	–	–	–	–	–	–	–	197.13
d) L&T Investment Management Limited	–	–	–	867.56	–	–	–	–	–	–	–	–	–	867.56
e) L&T Mutual Fund Trustee Limited	–	–	–	0.15	–	–	–	–	–	–	–	–	–	0.15
f) L&T Infra Investment Advisory Private Limited	–	–	5.00	5.00	–	–	–	–	–	–	–	–	5.00	5.00
g) L&T Infra Investment Partners Trustee Private Limited	–	–	0.10	0.10	–	–	–	–	–	–	–	–	0.10	0.10
h) L&T Infra Investment Partners	–	–	1.75	–	–	–	–	–	–	–	–	–	1.75	–

1. Refer note 55

Notes forming part of standalone financial statements

7. Disclosure of complaints

1) Summary information on complaints received by the NBFCs from customers and from the offices of Ombudsman

Sr. No.	Particulars	As at March 31, 2024	As at March 31, 2023
	Complaints received by the NBFC from its customers		
1.	Number of complaints pending at beginning of the year	–	Nil
2.	Number of complaints transferred from amalgamating companies (refer note 55)	1,711	
3.	Number of complaints received during the year	27,529	Nil
4.	Number of complaints disposed during the year	28,473	Nil
	4.1 Of which, number of complaints rejected by the NBFC	4,595	Nil
5.	Number of complaints pending at the end of the year	767	Nil
	Maintainable complaints received by the NBFC from Office of Ombudsman		
6.*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	527	Nil
	6.1 of 6, number of complaints resolved in favour of the NBFC by Office of Ombudsman	504	Nil
	6.2 of 6, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	23	Nil
	6.3 of 6, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	–	Nil
7.*	Number of Awards unimplemented within the stipulated time (other than those appealed)	–	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

* It shall only be applicable to NBFCS which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021.

2) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	of 6, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2024					
Payment & Refund	204	7,822	NA	157	–
Credit Report	151	4,773	NA	126	1
SMS/Calls Related	396	2,756	NA	58	–
Sourcing Related	298	2,100	NA	52	–
Collection related	93	1,960	NA	89	–
Others	569	8,118	NA	285	1
Total	**1,711**	**27,529**	**NA**	**767**	**2**
As at March 31, 2023					
Grounds	Nil	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Notes forming part of standalone financial statements

8. Corporate Governance

1) Breach of Covenant

During the year ended March 31, 2024 , there is no instance of breach of covenant of loan availed or debt securities issued (applicable if any) by the company.

2) Divergence in Asset Classification and Provisioning

a) the additional provisioning requirements assessed by RBI exceeds 5 percent of the reported profits before tax and impairment loss on financial instruments for financial year 2023-24 : Nil

b) the additional Gross NPAs identified by RBI exceeds 5 percent of the reported Gross NPAs for financial year 2023-24 : Nil

9. Details of restructured accounts as on March 31, 2024

(₹ in crores except no. of borrowers)

Type of Restructuring			Others				
Sr. No.	Asset Classification		Standard	Sub–Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2023	No. of borrowers	–	–	–		–
		Amount outstanding Restructured facility only	–	–	–		–
		Provision thereon	–	–	–	–	–
2	Transferred from amalgamating companies (Refer Note 55)	No. of borrowers	21,128	1,08,253	217	–	1,29,598
		Amount outstanding Restructured facility only	1,383.04	288.78	4.23	–	1,676.05
		Provision thereon	167.03	251.12	1.95	–	420.10
3	Movement in balance for accounts appearing under opening balance*	No. of borrowers	(6,435)	(9,661)	(20)	–	(16,116)
		Amount outstanding Restructured facility only	(612.12)	(35.20)	(2.00)	–	(649.32)
		Provision thereon	48.50	(10.72)	(0.01)	–	37.77
4	Fresh restructuring during the year	No. of borrowers	3	–	–	–	3
		Amount outstanding Restructured facility only	34.59	–	–	–	34.59
		Provision thereon	3.26	–	–	–	3.26
5	Upgradations to restructured standard category during the FY	No. of borrowers	51	(38)	(13)	–	–
		Amount outstanding Restructured facility only	7.37	(7.35)	(0.02)	–	–
		Provision thereon	1.78	(1.77)	–	–	–
6	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	–	–	–	–	–
		Amount outstanding Restructured facility only	–	–	–	–	–
		Provision thereon	–	–	–	–	–
7	Downgradations of restructured accounts during the FY	No. of borrowers	(12,871)	(1,918)	14,789	–	–
		Amount outstanding Restructured facility only	(156.04)	112.87	43.17	–	–
		Provision thereon	(97.11)	60.97	36.13	–	–
8	Write–offs of restructured accounts during the FY	No. of borrowers	(11)	(82,395)	(149)	–	(82,555)
		Amount outstanding Restructured facility only	(0.10)	(192.90)	(0.67)	–	(193.67)
		Provision thereon	(0.03)	(192.72)	(0.67)	–	(193.42)
9	Restructured Accounts as on March 31, 2024	No. of borrowers	1,865	14,241	14,824	–	30,930
		Amount outstanding Restructured facility only	656.74	166.19	44.72	–	867.65
		Provision thereon	123.43	106.88	37.40	–	267.71

*Included for the purpose of arithmetical accuracy

Note : 1 This includes one-time restructuring implemented as prescribed in the notifcation no. RBI/2020-21/16 DOR.NO.BP. BC/3/21.04.048/2020-21 Resolution Framework for COVID-19-related Stress and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses dated May 05, 2021.

2 Since the disclosure of restructured accounts pertains to section "Others", the first two sections namely "Under CDR Mechanism" and "Under SME Debt Restructuring Mechanism" as per the format prescribed in the Master Directions - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023, company are not included above.

53 The accounting software used by the Company to maintain its Books of account have a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software as also in data base maintained with respect thereto.

Notes forming part of standalone financial statements

54 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of amendments dated March 24, 2021 in Schedule III to the Companies Act 2013 with effect from 1st day of April, 2021:-

(a) There is no proceeding initiated or pending against the company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(b) The company is not declared wilful defaulter by any bank or financial Institution or any other lenders.

(c) Being a systemically important non-banking financial company registered with the Reserve Bank of India as per Reserve Bank of India Act, 1934 (2 of 1934), the provisions prescribed under clause (87) of section 2 of the companies Act 2013 read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the company.

(d) There is no scheme of arrangements has been approved during the year by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 other than disclosed under note 55.

(e) There is no transaction that has not been recorded in the books of accounts and surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(g) The Company has obtained borrowings from banks or financial institutions on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

(h) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(i) The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall :

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(j) There are no creation or satisfaction of charges as at March 31, 2024 pending with ROC beyond the statutory period.

(k) The Company has utilised all the borrowings for the purpose for which they have been borrowed.

55 Amalgamation of erstwhile L&T Finance Limited (“LTF”), L&T Infra Credit Limited (formerly known as L&T Infra Debt Limited) (“ICL”) and L&T Mutual Fund Trustee Limited (“LTMFTL”) with the Company

1 During the financial year under report, erstwhile L&T Finance Limited (“ ”LTF” ”), L&T Infra Credit Limited (formerly known as L&T Infra Debt Limited) (“ ”ICL” ”) and L&T Mutual Fund Trustee Limited (“ ”LTMFTL” ”)

merged with the Company i.e. L&T Finance Holdings Limited which under the scheme is renamed as L&T Finance Limited (""the Company""). LTF and ICL were registered with the Reserve Bank of India (""RBI"") as non-deposit taking Systemically Important (NBFC-ND-SI) companies. LTMFTL was a registered company providing trusteeship services to a mutual fund, however with the disinvestment of stake in the mutual fund business, it no longer acts as trustee company for any mutual fund. In order to consolidate the business of lending entities for creation of a single larger unified entity, it was proposed that LTF, ICL and LTMFTL be amalgamated with the Company. Amalgamation will lead to consolidation and help synergise integration of the businesses of transferor companies and the transferee company to enable better operational management, greater focus and simplification of group corporate structure.

The Board of Directors of the Company had, in its meeting dated January 13, 2023, approved the proposed amalgamation of the LTF, ICL and LTMFTL with itself, with appointed date of April 1, 2023, by way of merger by absorption pursuant to a scheme of arrangement (the Scheme) under the provisions of Sections 230 – 232 read with Section 52 and other relevant provisions of the Companies Act, 2013 (including the rules thereunder).

The Reserve Bank of India vide its letter dated March 24, 2023, BSE Limited and National Stock Exchange of India Limited vide their respective letters dated April 26, 2023 had conveyed that they have no objection to the proposed amalgamation. Pursuant to the sanction granted by the Hon'ble NCLT benches at Mumbai and Kolkata vide orders dated October 13, 2023 and October 17, 2023 respectively, the Scheme has become effective from December 04, 2023 taking effect from Appointed date being April 01, 2023 in accordance with the terms of the Scheme.

The financial information in the financial statements in respect of previous financial year has been restated as if the business combination had occurred from the beginning of the previous year in the financial statements, irrespective of the actual date of the combination.

2 The amalgamation was accounted as a common control business combination in accordance with the accounting prescribed under "pooling of interest" method in Appendix C of the Indian Accounting Standard (Ind AS) 103 - "Business Combinations" and as per the specific provisions of the Scheme. Accordingly, the Scheme has been given effect to in these financial statements and all assets, liabilities and reserves and income and expenditure of the Transferor companies stand transferred at carrying value and vested in the Transferee Company. The inter-corporate investments / deposits / loans and advances or any receivables and payables between and amongst the Amalgamated Company and the Amalgamating companies will stand eliminated by set-off against each other and be cancelled.

3 No shares were issued to give effect of the said amalgamation since the wholly owned subsidiary companies merged with the parent/Holding Company. The difference between the equity share capital of the transferor companies and the carrying value of investments in the said transferor companies in the books of the transferee Company is recognised as capital reserve (refer statement of changes in equity). Pursuant to the scheme, the company has adjusted the debit balance of capital reserve (including capital reserve arising on account of amalgamation) and debit balance of amalgamation adjustment reserve account in the books of the Company post amalgamations against the Securities Premium Account of the Company, as per the terms of the Approved scheme.

4 As per the approved scheme of amalgamation, the amalgamating companies carried their respective business for and on behalf of the Company from the appointed date till the effective date.

56 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2024.

Notes forming part of standalone financial statements

57 Previous year figures have been regrouped/reclassified whenever necessary, to make them comparable with the current year figures.

58 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 27, 2024.

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly Known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director and
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : April 27, 2024

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Independent Auditors' Report

To
The Members of L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of L&T Finance Limited (formerly L&T Finance Holdings Limited) ('the Holding Company' or 'the Parent' or 'the Company') and its subsidiaries (the parent and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2024 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, and notes to the Consolidated Financial Statements, including a summary of material accounting policy information and other explanatory information ('the Consolidated Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group, as at 31 March 2024, and its Consolidated Profit and Other Comprehensive Income, Consolidated Changes in Equity and its Consolidated Cash Flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Impairment of goodwill on consolidation:** [Refer to the Accounting Policies Note 1.7 to the Consolidated Financial Statements] The Goodwill on consolidation may be impaired due to the inherent uncertainty involved in forecasting	**Principal audit procedures:** • Obtained an understanding of Management's processes and controls with regard to testing the goodwill for impairment.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
	and discounting future cash flows, determination of discount and terminal growth rates, which are the basis of the assessment of recoverability. These are the key judgement areas for our audit. The Group annually carries out an impairment assessment of goodwill using a value-in-use model which is based on the net present value of the forecast earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cashflow forecasts.	• Assessed the appropriateness of the forecast cash flows within the budgeted period based on the understanding of the business and sector experience. • Verifying the profitability and cashflow position of the concerned entities • Considered historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved.
2	**Allowance for Expected Credit Loss on Retail Loan Assets:** (Refer to the Accounting Policies Note 1.10 Impairment, Note 1.13 Presentation of allowance for ECL in the Balance Sheet, Note 06 to the Consolidated Financial Statements)	
	As at March 31, 2024, Retail loan assets aggregated ₹ 76,497.78 crores (net of expected credit losses of Rs 3,537.75 Crores), constituting 94.02% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loans carried at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the consolidated financial statements. The significant assumptions that we focused on in our audit included those with greater levels of management judgement and for which variations had the most significant impact on ECL. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: Each borrower is classified into Stage 1, 2, 3 based on the objective criteria of Day Past Due (DPD) status as of the reporting date and other loss indicators, as applicable. Such classification by borrower is done across all facilities provided to the borrower, i.e. maximum of the DPDs from among the different facilities ['Max DPD'] provided to that borrower. Inherently, significant judgment is involved in the use of models to estimate ECL which includes determining Exposures at Default ('EAD'), Probabilities of Default ('PD') and Loss Given Default ('LGD'). The PD and the LGD are the key drivers of estimation complexity and as a result are considered the most significant judgments in the Company's modelling approach.	Our audit procedures were focussed on assessing the appropriateness of management's judgement and estimates used in the impairment analysis that included, but were not limited to, the following: ➢ Reviewed the Board Approved Policy and procedures & associates design/controls and expected credit loss memo concerning the assessment of credit and other risks. ➢ Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. ➢ Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information. ➢ Evaluated the appropriateness of the Company's determination of Significant Increase in Credit Risk ('SICR') in accordance with the applicable accounting standard and the basis for classification of various exposures into various stages. ➢ Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights and computation of probability of default and loss given default percentages. ➢ Reviewed the critical assumptions and input data used in the estimation of expected credit loss for specific key credit risk parameters, such as the movement between stages, Exposure at default, (EAD), probability of default (PD) or loss given default (LGD)

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
	The modelling methodologies used to estimate ECL are developed using historical experience. The impact of the prevailing macroeconomic conditions has also resulted in certain limitations in the reliability of these methodologies to forecast the extent and timing of future customer defaults or potential credit risks and therefore in estimates of ECL. In addition, modelling methodologies do not necessarily incorporate all factors that are relevant to estimating ECL, such as differentiating the impact on industry sectors and economic conditions. These limitations are attempted to be addressed with management overlay, the measurement of which is inherently judgemental and subject to a high level of estimation uncertainty.	➢ Involved Information system resource to obtain comfort over data integrity and process of report generation through interface of various information systems. ➢ Tested controls placed over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied as detailed below: • verified the completeness and accuracy of the Exposure at Default ('EAD') and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors. • checked the appropriateness of information used in the estimation of the Probability of Default ('PD') and Loss given Default ('LGD') for the different stages depending on the nature of the portfolio reconciled the total retail considered for ECL assessment with the books of accounts to ensure the completeness. • Performed test of details over model calculations testing through re-performance, where possible. • tested appropriateness of staging of borrowers based on DPD and other loss indicators. • tested the factual accuracy of information such as period of default and other related information used in estimating the PD. • evaluated the reasonableness of applicable assumptions included in LGD computation. • evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model. ➢ Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Consolidated Financial Statements are appropriate and sufficient. ➢ Verified the manner of preparation of information w.r.t. to provisions and disclosures in the Consolidated Financial Statements.

Sr. No.	Key Audit Matter	How the matter was addressed in our audit
		➢ Obtained written representations from management and those charged with governance on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.
3	**Information Technology ("IT") Systems and Controls**	
	The Company has a complex IT architecture to support its day-to-day business operations. High volume of transactions are processed and recorded on single or multiple applications. The reliability and security of IT systems plays a key role in the business operations of the Company. Since large volume of transactions are processed daily, IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter because of the high-level of automation, significant number of systems being used by the management and the complexity of the IT architecture and its impact on the financial reporting system.	Our Audit procedures included the following, but not limited to: Involved IT specialists as part of the audit for the purpose of testing the IT general controls and application controls (automated and semi-automated controls) to determine the accuracy of the information produced by the Company's IT systems. With respect to the "In-scope IT systems" identified as relevant to the audit of the financial statements and financial reporting process of the Company, we have evaluated and tested relevant IT general controls. On such "In-scope IT systems" we have performed the following procedures: Obtained an understanding of IT applications landscape implemented by the Company, including an understanding of the process, mapping of applications and understanding financial risks posed by people, process and technology. Tested design and operating effectiveness of key controls over user access management (including user access provisioning, de-provisioning, user access review, password configuration review and privilege access), change management (including compliance of change release in production environment to the defined procedures), program development (including review of data migration activity), computer operations (including testing of key controls pertaining to, backup, batch processing, incident management and data centre security. Also tested entity level controls pertaining to IT policy and procedure and business continuity plan assessment. Tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over the financial reporting system.

Other Information

5. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

6. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

8. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the Consolidated State of Affairs, Consolidated Profit and Other Comprehensive Income, Consolidated Changes in Equity and Consolidated Cash Flows of the Group is in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

13.1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.

13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

13.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of ₹ 464.33 crores as at 31 March 2024, total revenues of ₹ 54.07 crores and net cash flows amounting to ₹ 31.16 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These

financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

18. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflect total assets of ₹ 202.29 crores as at 31 March 2024, total revenues of ₹ 0.10 crores and net cash flows amounting to ₹ 0.16 crores for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

19. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

20. Attention is drawn to Note 55 narrating the approval of the amalgamation of L&T Finance Limited ('LTFL'), L&T Infra Credit Limited ('LTICL') and L&T Mutual Fund Trustee Limited by Hon'ble NCLT effective from 4 December 2023 with appointed date 1 April 2023 as per Ind AS 103 – "Business Combinations" by way of common control entities. The numbers and disclosures pertaining to LTFL & LTICL have been collated, in course of our audit, from the respective audited Consolidated Financial Statements for the year ended 31 March 2023 which were subjected to audit by predecessor auditors whose audit reports expressed an unmodified opinion on those audited Consolidated Financial Statements. We have audited the adjustments with respect to consolidation of these entities as per the scheme of arrangement. Our conclusion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

21. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    21.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

    21.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    21.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

    21.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act read with the relevant rules thereunder.

    21.5. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

21.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

21.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

22. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, as noted in the 'Other Matters' paragraph:

22.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group, – Refer Note 44 to the consolidated financial statements.

22.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

22.3. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and/or its subsidiary companies, incorporated in India during the year ended 31 March 2024.

22.4. The respective managements of the Holding Company, its subsidiaries, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

22.5. The respective managements of the Holding Company, its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

22.6. Based on such audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 22.4. and 22.5. contain any material misstatement.

22.7. In our opinion and according to the information and explanations given to us, the dividend declared and/or paid during the year by the Holding Company is in compliance with Section 123 of the Act.

22.8. As stated in Note 20 to the Consolidated Financial Statements, the Board of Directors of the Holding Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act, as applicable.

22.9. Based on our examination which included test checks and that performed by respective auditors of the subsidiaries, which are the companies incorporated in India whose financial statements have been audited under the Act, the company, subsidiaries, have used an accounting software for maintaining its books of accounts which has a feature of recording audit trail facility (edit log) and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiaries did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

23. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and based on our consideration of CARO reports issued by respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCRAT2489

Place: Mumbai
Date: 27 April 2024

Annexure 'A' to the Independent Auditors' Report

Annexure 'A' to the Independent Auditors' report on the Consolidated Financial Statements of L&T Finance Limited (Formerly L&T Finance Holdings Limited) for the year ended 31 March 2024

(Referred to in paragraph '21.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of L&T Finance Limited (formerly L&T Finance Holdings Limited) as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to the Consolidated Financial Statements of L&T Finance Limited (formerly L&T Finance Holdings Limited) 'the Holding Company' and its subsidiary companies, which are companies incorporated in India, as of that date.

2. In our opinion, the Holding Company, and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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 Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Holding Company and its subsidiaries, which are companies incorporated in India, internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs 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 with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 Consolidated Financial Statements, whether due to fraud or error.

6. We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

7. A company's internal financial controls with reference to the Consolidated Financial Statements 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 controls with reference to the Consolidated Financial Statements 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 with reference to the consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, 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 with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to 3 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries incorporated in India.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Hasmukh B Dedhia
Partner
ICAI Membership No: 033494
UDIN: 24033494BKCRAT2489

Place: Mumbai
Date: 27 April 2024

Consolidated Balance Sheet as at March 31, 2024

(₹ in crore)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
ASSETS:			
1 Financial assets			
(a) Cash and cash equivalents	2	3,593.35	9,108.68
(b) Bank balance other than (a) above	3	1,082.67	3,640.23
(c) Derivative financial instruments	4	185.54	174.45
(d) Receivables	5		
(I) Trade receivables		247.28	5.88
(II) Other receivables		3.22	137.09
(e) Loans	6	81,359.39	75,154.55
(f) Investments	7	12,384.89	14,366.20
(g) Other financial assets	8	632.11	90.30
		99,488.45	**1,02,677.38**
2 Non–financial assets			
(a) Current tax assets (net)		291.67	677.28
(b) Deferred tax assets (net)	43	1,856.99	1,861.09
(c) Investment property	9	–	19.10
(d) Property, plant and equipment	10	354.97	349.48
(e) Intangible assets under development	10	35.62	4.81
(f) Goodwill on consolidation		13.40	13.40
(g) Other intangible assets	10	96.13	115.37
(h) Right of use asset	11, 40	54.85	55.17
(i) Other non–financial assets	12	525.47	589.06
		3,229.10	**3,684.76**
Total assets		**1,02,717.55**	**1,06,362.14**
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Payables	13		
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		–	0.15
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,221.85	806.24
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		–	–
(b) Debt securities	14	29,569.45	36,105.38
(c) Borrowings (other than debt securities)	15	44,430.47	44,139.59
(d) Subordinated liabilities	16	2,540.95	2,798.48
(e) Lease liability	40	62.58	61.45
(f) Other financial liabilities	17	1,053.43	544.24
		78,878.73	**84,455.53**

Consolidated Balance Sheet as at March 31, 2024 (Contd...)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
2 Non–Financial Liabilities			
(a) Current tax liabilities (net)		179.24	176.20
(b) Provisions	18	34.74	32.70
(c) Deferred tax liabilities (net)	43	23.71	23.34
(d) Other non–financial liabilities	19	73.14	56.56
		310.83	**288.80**
3 EQUITY			
(a) Equity share capital	20	2,488.94	2,479.67
(b) Other equity	21	20,949.50	19,048.70
Equity attributable to owners of the company		**23,438.44**	**21,528.37**
4 Non–controlling interest		89.55	89.44
Total liabilities and equity		**1,02,717.55**	**1,06,362.14**
Material accounting policies	1		
See accompanying notes forming part of the consolidated financial statements	2 to 58		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director &
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(₹ in crore)

	Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
	Revenue from operations			
(i)	Interest income	22	12,913.93	12,565.11
(ii)	Dividend income	23	0.10	0.08
(iii)	Rental income	24	–	3.48
(iv)	Fees and commission income	25	662.48	158.15
(v)	Net gain on fair value changes	26	4.07	48.13
I	**Total revenue from operations**		**13,580.58**	**12,774.95**
II	Other income	27	474.54	526.75
III	**Total income (I + II)**		**14,055.12**	**13,301.70**
	Expenses			
(i)	Finance costs	28	5,377.19	5,797.24
(ii)	Net loss on fair value changes	29	360.96	620.54
(iii)	Net loss on derecognition of financial instruments under amortised cost category	30	457.71	359.69
(iv)	Impairment on financial instruments	31	1,322.36	1,560.18
(v)	Employee benefits expenses	32	1,806.37	1,405.93
(vi)	Depreciation, amortization and impairment	33	114.77	111.24
(vii)	Other expenses	34	1,586.73	1,316.23
IV	**Total expenses (IV)**		**11,026.09**	**11,171.05**
V	**Profit before exceptional items and tax (III – IV)**		**3,029.03**	**2,130.65**
VI	Exceptional items	54	–	(2,687.17)
VII	**Profit before tax (V+VI)**		**3,029.03**	**(556.52)**
VIII	**Tax expense**			
(i)	Current tax	35, 43	715.69	626.32
(ii)	Deferred tax	35, 43	(3.79)	(453.95)
IX	**Profit after tax from continuing operations (VII –VIII)**		**2,317.13**	**(728.89)**
X	Share in profit of associates		–	–
XI	**Profit after tax from continuing operations and share in profit of associate company (IX+X)**		**2,317.13**	**(728.89)**
	Discontinued operations			
XII	Profit before tax from discontinued operations	42	–	2,739.34
XIII	Tax expense of discontinued operations	42	–	473.97
XIV	**Profit after tax from discontinued operations**		**–**	**2,265.37**
XV	**Net profit after tax from continuing operations and discontinued operations (XI + XIV)**		**2,317.13**	**1,536.48**
XVI	**Profit for the year attributable to:**			
	Owners of the company		2,320.10	1,623.25
	Non–controlling interest		(2.97)	(86.77)
XVII	**Other comprehensive income**		**6.23**	**45.23**
A	**Items that will not be reclassified to profit or loss**			
	(a) Remeasurements of the defined benefit plans (net of tax)		3.52	(0.18)
B	**Items that will be reclassified to profit or loss**			
	(a) Change in fair value of debt instruments measured at fair value through other comprehensive income		8.94	(16.48)
	(b) The effective portion of gains and loss on hedging instruments in a cash flow hedge		(6.23)	61.89

Consolidated Statement of Profit and Loss for the year ended March 31, 2024

(Contd....)

	Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
	Other comprehensive income for the year attributable to:			
	Owners of the company		**6.23**	**45.23**
	Non–controlling interest		–	–
XVIII	**Total comprehensive income (XV+XVII)**		**2,323.36**	**1,581.71**
	Total comprehensive income for the year attributable to:			
	Owners of the company		2,326.33	1,668.48
	Non–controlling interest		**(2.97)**	**(86.77)**
XIX	**Earnings per equity share**	**41**		
	Continuing operations :			
	Basic (₹)		9.34	(2.59)
	Diluted (₹)		9.30	(2.58)
	Discontinued operations :			
	Basic (₹)		–	9.15
	Diluted (₹)		–	9.12
	Total operations :			
	Basic (₹)		9.34	6.56
	Diluted (₹)		9.30	6.54
Material accounting policies		1		
See accompanying notes forming part of the consolidated financial statements		2 to 58		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Hasmukh B. Dedhia
Partner
Membership no. 033494

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director &
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Place : Mumbai
Date : April 27, 2024

Consolidated Statement of Changes in Equity for the year ended March 31, 2024

A. EQUITY SHARE CAPITAL

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04
Changes in Equity Share Capital due to prior period errors	–	–	–	–
Restated balance at the beginning of the current reporting year	–	–	–	–
Add: Shares issued during the year:				
– Against employee stock option	92,69,193	9.27	56,35,629	5.63
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**2,48,89,40,310**	**2,488.94**	**2,47,96,71,117**	**2,479.67**

B. OTHER EQUITY

(₹ in crore)

Particulars	Reserve and surplus							
	Securities premium account	General reserve	Debenture redemption reserve	Capital redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1)(viii) of Income tax Act, 1961	Reserve u/s 45–IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987
Balance as at April 1, 2022	**7,751.62**	**452.62**	**5.15**	**33.10**	**492.36**	**962.28**	**2,166.11**	**27.43**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	–	–	–	–
Other comprehensive income, net of tax (d)	–	–	–	–	–	–	–	–
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of equity shares	50.45	–	–	–	–	–	–	–
Transfer to general reserve	–	25.54	(4.01)	–	–	–	–	–
Transfer to reserve u/s 45–IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–	514.34	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	–	–	–	–	–	69.00	–	–
Transfer to debenture redemption reserve	–	–	–	35.75	–	–	–	–
Balance as at March 31, 2023	**7,802.07**	**478.16**	**1.14**	**68.85**	**492.36**	**1,031.28**	**2,680.45**	**27.43**

Consolidated Statement of Changes in Equity for the year ended March 31, 2024 (Contd....)

(₹ in crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total other equity	Non controlling interest	Total
	Retained earnings	Employee stock option outstanding account	Impairment reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Balance as at April 1, 2022	**5,423.10**	**182.70**	**28.36**	**8.95**	**(60.12)**	**17,473.66**	**179.83**	**17,653.49**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	1,623.25	–	–	–	–	1,623.25	(86.77)	1,536.48
Other comprehensive income, net of tax (d)	(0.18)	–	–	(16.48)	61.89	45.23	–	45.23
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**1,623.07**	**–**	**–**	**(16.48)**	**61.89**	**1,668.48**	**(86.77)**	**1,581.71**
Issue of equity shares	–	–	–	–	–	50.45	–	50.45
Employee share options (net)	–	(20.14)	–	–	–	(20.14)	–	(20.14)
Transfer to general reserve	–	(21.53)	–	–	–	–	–	–
Transfer to impairment reserve	(4.03)	–	4.03	–	–	–	–	–
Transfer to reserve u/s 45–IC of Reserve Bank of India Act, 1934	(514.34)	–	–	–	–	–	–	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	(69.00)	–	–	–	–	–	–	–
Transfer to debenture redemption reserve	(35.75)	–	–	–	–	–	–	–
Dividend paid	(123.75)	–	–	–	–	(123.75)	–	(123.75)
Net gain/(loss) on transaction with non–controlling interest	–	–	–	–	–	–	(3.62)	(3.62)
Balance as at March 31, 2023	**6,299.30**	**141.03**	**32.39**	**(7.53)**	**1.77**	**19,048.70**	**89.44**	**19,138.14**

Consolidated Statement of Changes in Equity for the year ended March 31, 2024 (Contd....)

(₹ in crore)

Particulars	Reserve and surplus							
	Securities premium account	General reserve	Debenture redemption reserve	Capital redemption reserve	Capital reserve on consolidation	Reserve under section 36 (1) (viii) of Income tax Act, 1961	Reserve u/s 45–IC of Reserve Bank of India Act, 1934	Reserve under section 29C of National Housing Bank Act, 1987
Balance as at April 1, 2023	**7,802.07**	**478.16**	**1.14**	**68.85**	**492.36**	**1,031.28**	**2,680.45**	**27.43**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	–	–	–	–	–	–	–	–
Other comprehensive income, net of tax (d)	–	–	–	–	–	–	–	–
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Issue of equity shares	90.92	–	–	–	–	–	–	–
Transfer to general reserve	–	12.35	(0.85)	–	–	–	–	–
Transfer to reserve u/s 45–IC of Reserve Bank of India Act, 1934	–	–	–	–	–	–	457.25	–
Transfer to reserve u/s 36(1) (viii) of Income tax Act, 1961	–	–	–	–	–	20.00	–	–
Balance as at March 31, 2024	**7,892.99**	**490.51**	**0.29**	**68.85**	**492.36**	**1,051.28**	**3,137.70**	**27.43**

Consolidated Statement of Changes in Equity for the year ended March 31, 2024 (Contd....)

(₹ in crore)

Particulars	Reserve and surplus			Items of other comprehensive income		Total other equity	Non controlling interest	Total
	Retained earnings	Employee stock option outstanding account	Impairment reserve	Fair value changes of financial instrument measured at fair value through other comprehensive income	Effective portion of cash flow hedge			
Balance as at April 1, 2023	**6,299.30**	**141.03**	**32.39**	**(7.53)**	**1.77**	**19,048.70**	**89.44**	**19,138.14**
Change in accounting policy / prior period errors (a)	–	–	–	–	–	–	–	–
Restated balance at the beginning of the current reporting year (b)	–	–	–	–	–	–	–	–
Profit for the year (c)	2,320.10	–	–	–	–	2,320.10	(2.97)	2,317.13
Other comprehensive income, net of tax (d)	3.52	–	–	8.94	(6.23)	6.23	–	6.23
Total comprehensive income for the year (e)=(a)+(b)+(c)+(d)	**2,323.62**	**–**	**–**	**8.94**	**(6.23)**	**2,326.33**	**(2.97)**	**2,323.36**
Issue of equity shares	–	–	–	–	–	90.92	–	90.92
Employee share options (net)	–	(19.84)	–	–	–	(19.84)	–	(19.84)
Transfer to general reserve	–	(11.50)	–	–	–	–	–	–
Transfer to reserve u/s 45–IC of Reserve Bank of India Act, 1934	(457.25)	–	–	–	–	–	–	–
Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	(20.00)	–	–	–	–	–	–	–
Dividend paid	(496.61)	–	–	–	–	(496.61)	–	(496.61)
Net gain/(loss) on transaction with non–controlling interest	–	–	–	–	–	–	3.08	3.08
Balance as at March 31, 2024	**7,649.06**	**109.69**	**32.39**	**1.41**	**(4.46)**	**20,949.50**	**89.55**	**21,039.05**

Material accounting policies — Note 1

See accompanying notes to the consolidated financial statements — Note 2 to 58

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director &
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Consolidated Statement of Cash Flows for the year ended March 31, 2024

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flow from operating activities		
Profit before tax from :		
Continuing operations	3,029.03	(556.52)
Discontinued operations	–	2,739.34
Adjustment for:		
Depreciation, amortization and impairment	114.77	111.24
Loss / (Profit) on sale of property, plant and equipments (net)	0.60	(2.97)
Net fair value (gain) / loss on loan asset	(675.20)	(541.61)
Net fair value loss on financial instruments	1,032.09	1,114.02
Net loss on derecognition of financial instruments under amortised cost category	457.71	359.69
Impairment on financial instruments	1,322.36	1,560.18
Gain on disposal of a subsidiary	(6.91)	–
Gain on disposal of discontinued operations	–	(2,608.38)
Exceptional item	–	2,687.17
Non–cash items related to discontinued operations	–	(10.27)
Share based payment to employees	37.85	26.57
Operating profit before working capital changes	**5,312.30**	**4,878.46**
Changes in working capital		
(Increase) / decrease in financial and non–financial assets	1,892.26	(86.89)
Increase / (decrease) in financial and non–financial liabilities	1,032.91	(177.09)
Cash generated from operations	**8,237.47**	**4,614.48**
Direct taxes paid	(317.86)	(1,146.41)
Loans (disbursed) / repaid (net)	(7,246.14)	3,250.18
Net cash flow generated from operating activities (A)	**673.47**	**6,718.25**
B. Cash flows from investing activities		
Add: Inflow from investing activities		
Proceed from sale of property, plant and equipments	0.62	31.87
Proceed from sale of investments	5,474.92	5,380.64
Consideration received on disposal of a subsidiary	26.10	–
Net proceeds for transfer of discontinued operations	–	3,335.65
Less: Outflow from investing activities		
Purchase of property, plant and equipment and Intangible assets	(118.76)	(127.92)
Purchase of investments	(4,534.26)	(8,955.00)
Net cash flow generated from / (used in) investing activities (B)	**848.62**	**(334.76)**
C. Cash flows from financing activities		
Add: Inflow from financing activities		
Proceeds from issue of share capital including security premium on account of ESOPs	42.51	9.37
Proceeds from borrowings	17,776.73	22,956.37

Consolidated Statement of Cash Flows for the year ended March 31, 2024

(Contd....)

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Receipt from non–controlling interests	3.08	–
Less: Outflow from financing activities		
Payment to non–controlling interests	–	(3.62)
Dividend paid	(496.61)	(123.75)
Repayment of borrowing	(24,363.13)	(24,148.28)
Redemption of preference shares	–	(353.90)
Net cash used in financing activities (C)	**(7,037.42)**	**(1,663.81)**
Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(5,515.33)**	**4,719.68**
Cash and cash equivalents as at beginning of the year	9,108.68	4,915.98
Cash and cash equivalents for discontinued operations (assets held for sale)	–	(526.98)
Cash and cash equivalents as at end of the year	**3,593.35**	**9,108.68**

Notes:

1. Purchase of property, plant and equipment represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital–work–in–progress for property, plant and equipment and (b) intangible assets under development during the year.
2. Net cash used in operating activity is determined after adjusting the following:

(₹ in crore)

Particulars		Year ended March 31, 2024	Year ended March 31, 2023
Interest received		13,067.53	13,059.31
Interest paid		5,225.35	6,240.64
Material accounting policies	Note 1		
See accompanying notes to the financial statements	Note 2 to 58		

In terms of our report attached of even date
For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
FRN: 105146W/W100621

Hasmukh B. Dedhia
Partner
Membership no. 033494

Place : Mumbai
Date : April 27, 2024

For and on behalf of the Board of Directors of
L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director &
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

Notes forming part of consolidated financial statements

1. Material Accounting Policies:

1.1 Statement of compliance:

The Consolidated financial statements of L&T Finance Limited (Formerly known as L&T Finance Holdings Limited) (the "Company") and its subsidiaries (together the "Group") have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 of the Companies Act, 2013. In addition, the applicable regulations of Reserve Bank of India (RBI) and the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with compliance with statutory promulgations.

1.2 Basis of preparation:

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at reporting date.
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

1.3 Presentation of financial statements:

The Balance Sheet, Statement of changes in Equity for the year, and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III of Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III of Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Division III of Schedule III to the Act. Per share data are presented in Indian Rupee to two decimal places.

1.4 Basis of consolidation:

a) The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. For this purpose, an entity which is, directly or indirectly, controlled by the Parent Company is treated as subsidiary. The Parent Company together with its subsidiaries constitute the Group. Control is achieved when the Group, directly or indirectly:

   - has power over the investee.
   - is exposed, or has rights, to variable returns from its involvement with the investee; and
   - has the ability to use its power to affect its returns.

b) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

c) Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests (NCI) and have been shown separately in the financial statements. Total comprehensive income of the subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d) Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company.

e) All intragroup assets and liabilities, equity, income, expenses, unrealised profits/losses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

f) The consolidated financial statements of the Group combine financial statements of the Parent Company and its subsidiaries line-by-line by adding together the like items of assets, liabilities, income and expenses.

g) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

1.5 Investments in associates:

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using equity method of accounting. Under the equity method, an investment in associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The carrying amount of investment in associates is reduced to recognize impairment, if any, when there is objective evidence of impairment.

1.6 Business combinations:

The Group accounts for its business combinations under acquisition method of accounting. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition are recognised at their fair values at the acquisition date except deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with Ind AS 12- Income taxes and Ind AS 19- Employee benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the aquiree, and the fair value of acquirer's previously held equity instrument in the aquiree (if any) over the net of acquisition date fair value of identifiable assets acquired and liabilities assumed. Where the fair value of identifiable assets and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

Notes forming part of consolidated financial statements

1.7 Goodwill:

Goodwill on consolidation as on the date of transition represents the excess of cost of acquisition at each point of time of making the investment in the subsidiary over the Group's share in the net worth of a subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents excess of the Group's share in the net worth of a subsidiary over the cost of acquisition at each point of time of making the investment in the subsidiary. Goodwill arising on consolidation is not amortised, however, it is tested for impairment annually. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Non-current assets held for sale:

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification except in some circumstances this period can be extended if it is beyond the control of management and there are sufficient evidence that the entity remains committed to its plan to sell the asset.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

1.9 Financial instruments:

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

A financial asset and a financial liability is offset and presented on net basis in the balance sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously:

(i) Equity instruments

Investments in Subsidiaries, Associates and Joint Ventures are out of scope of Ind AS 109, and, hence, the Company has accounted for its investments in Subsidiaries, Associates and Joint Ventures at cost.

a) Investment in preference shares of the subsidiary companies are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.

b) Investments in equity instruments issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Financial assets:

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset.

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

The Group has more than one business model for managing its financial instruments, assessed at portfolio level, which reflect how the Group manages its financial assets in order to generate cash flows. The Group's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Group considers all relevant information available when making the business model assessment. However, this assessment is performed on the basis of scenarios that the Group reasonably expects to occur and not so-called 'worst case' or 'stress case' scenarios. The Group takes into account all relevant evidence available such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed.

The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets.

The Group considers sale of financial assets measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are

- due to an increase in the assets' credit risk or
- due to other reasons such as sales made to manage credit concentration risk (without an increase in the assets' credit risk) and are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

In addition, the Group also considers sale of such financial assets as consistent with the objective of holding financial assets in order to collect contractual cash flows if the sale is made close to the maturity of the financial assets and the proceeds from sale approximate the collection of the remaining contractual cash flows.

Notes forming part of consolidated financial statements

(a) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL):

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the related instruments are not held for trading and the Group irrevocably elects on initial recognition of financial asset on an asset-by-asset basis to present subsequent changes in fair value in other comprehensive income.

Change in the fair value of financial asset at FVTPL are recognised in the statement of profit and loss.

(d) Debt instruments at amortised cost or at FVTOCI:

For an asset to be classified and measured at FVTOCI, the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

(e) De-recognition:

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Trade Receivables are initially measured at their transaction price as defined in Ind AS 115.

(iii) Financial liabilities:

a) Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the amount of impairment loss allowance or the amount recognised at inception net of cumulative amortisation, whichever is higher.

All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

b) A financial liability is derecognised when the related obligation expires or is discharged or cancelled.

1.10 Impairment:

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers
- Debt investment securities
- Trade and other receivable
- Lease receivables
- Irrevocable loan commitments issued and
- Financial guarantee contracts issued

Credit-impaired financial assets:

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event-instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for more than 90 days. The 90-day criterion is applicable unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes forming part of consolidated financial statements

Definition of default:

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group: or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The forbearance granted to borrowers in accordance with COVID 19 Regulatory Package notified by the Reserve Bank of India (RBI) is excluded in determining the period of default (Days Past Due) in the assessment of default.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial assets unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial asset.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

Significant increase in credit risk:

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Purchased or originated credit impaired (POCI) financial assets:

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables falling under the scope of Ind AS 115.

1.11 Write off:

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities are recorded in statement of profit & loss.

1.12 Modification and derecognition of financial assets:

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

a) Qualitative factors, such as contractual cash flows after modification are no longer SPPI,

b) Change in currency or change of counterparty,

c) The extent of change in interest rates, maturity, covenants.

If these do not clearly indicate a substantial modification, then;

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a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms;
- with the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviors following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

1.13 Presentation of allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the Balance sheet as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the Balance Sheet as the carrying amount is at fair value.

1.14 Derivative financial instruments:

The Group enters into swap contracts and other derivative financial instruments to hedge its exposure to foreign exchange and interest rates. The Group does not hold derivative financial instruments for speculative purpose. Hedges of foreign exchange risk on firm commitments are accounted as cash flow hedges.

Fair value hedge:

Fair value hedges hedge the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset, liability, that is attributable to a particular risk and could affect profit or loss.

For designated and qualifying fair value hedges, the cumulative change in the fair value of a hedging derivative is recognised in the statement of profit and loss in Finance Costs. Meanwhile, the cumulative change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item in the balance sheet and is also recognised in the statement of profit and loss in Finance Cost.

The Company classifies a fair value hedge relationship when the hedged item (or group of items) is a distinctively identifiable asset or liability hedged by one or a few hedging instruments. The financial instruments hedged for interest rate risk in a fair value hedge relationship are fixed rate debt issued and other borrowed funds. If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet hedge effectiveness criteria, the Corporation discontinues hedge accounting from the date on which the qualifying criteria are no longer met. For hedged items recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item on termination of the hedge accounting relationship is amortised over the remaining term of the original hedge using the recalculated EIR method by recalculating the EIR at the date when the amortisation begins. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit and loss.

Cash flow hedge:

In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as ‘hedging reserve’. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at

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the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised in profit or loss when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

1.15 Revenue recognition:

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

(i) Interest and dividend income:

Interest income is recognised in the consolidated statement of Profit and Loss using effective interest rate (EIR) on all financial assets subsequently measured under amortised cost or fair value through other comprehensive income (FVOCI) except for those classified as held for trading.

The calculation of the EIR includes all fees or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL, transaction costs are recognised in profit or loss at initial recognition.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets originated or purchased credit-impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest on delayed payments by customers are treated to accrue only on realisation, due to uncertainty of realisation and are accounted accordingly.

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date and no significant uncertainty as to collectability exists.

(ii) Fee and commission income:

Fee and commission income and expense include fees other than those that are an integral part of EIR is recognised only on satisfactory completion of performance obligation.

The fees included in the Consolidated statement of profit and loss include among other things fees charged for servicing a loan, non-utilisation fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement and loan advisory fees.

Bounce charges levied on customers for non-payment of instalment on the contractual date is recognised on realisation.

Distribution income on distribution of insurance/other products are earned by distribution of services and products of other entities under distribution arrangements. The income is recognised on distribution on behalf of other entities subject to there being reasonable certainty of its recovery.

Fee and commission expenses with regards to services are accounted for as the services are received.

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(iii) Net gain or fair value change:

Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss. In cases there is a net gain in aggregate, the same is recognised in "Net gains or fair value changes" under revenue from operations and if there is a net loss the same is disclosed "Expenses", in the statement of profit and loss.

(iv) Income from financial instruments at FVTPL:

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL except those that are held for trading. Interest income on financial assets held at FVTPL, is recognised under "interest income on financial assets classified at fair value through profit or loss".

(v) Investment management fees, guarantee fees and portfolio management fees:

Income from investment management fees is recognised in accordance with the Investment Management Agreement and the SEBI regulations based on average Assets Under Management (AUM) of mutual fund schemes over the period of the agreement in terms of which services are performed.

Guarantee fees is recognised on pro rata basis over the period of the guarantee.

Portfolio management fees are recognised on accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

(vi) Other operational revenue:

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

1.16 Borrowing costs:

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs net of any investment income from the temporary investment of related borrowings, that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.17 Property, plant and equipment (PPE):

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Land and buildings held for use are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits

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embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets held under finance leases are depreciated over the shorter of lease term and their useful life on the same basis as owned assets. However, when there is no reasonable certainty that the Group shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Group for similar assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

1.18 Investment property:

Investment properties are properties (including those under construction) held to earn rentals and/ or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using straight line method so as to write off the cost of the investment property less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, or in the case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect the expected pattern of consumption of the future benefits embodied in the investment property. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life/ residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of property is recognised in the Statement of Profit and Loss in the same period.

1.19 Intangible assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

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

Intangible assets are amortised on straight line basis over the estimated useful life. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

1.20 Impairment of tangible and intangible assets other than goodwill:

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a) in the case of an individual asset, at the higher of the net selling price and the value in use; and

b) in the case of a cash generating unit (the smallest identifiable group of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

1.21 Employee benefits:

(i) Short term employee benefits:

Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) Post-employment benefits:

a) Defined contribution plans: The Group's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the Group, the post-retirement medical care plan and the Parent Company pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset

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ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long-term benefits such as long term compensated absences is measured at present value of estimated future cash flows expected to be made by the Group and is recognised in a similar manner as in the case of defined benefit plans vide (ii) (b) above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Group's offer of the termination benefit is accepted or when the Group recognises the related restructuring costs whichever is earlier.

1.22 Leases:

The Group as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments, less any lease incentives received made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses (Refer note no 34 for impairment).

The right-of-use assets are depreciated from the date of commencement of the lease on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

- Low value leases; and
- Leases which are short-term.

The Group as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Group's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Group recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Group presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

1.23 Cash and bank balances:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

1.24 Securities premium account:

(i) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

(ii) The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

1.25 Share-based payment arrangements:

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight-line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

1.26 Accounting and reporting of information for Operating Segments:

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation. The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments. Segment accounting policies are in line with the accounting policies of the Group.

1.27 Foreign currencies:

(i) The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group and foreign operations has been determined based on the primary economic environment in which the Group and its foreign operations operate considering the currency in which funds are generated, spent and retained.

(ii) Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

(iii) Financial statements of foreign operations whose functional currency is different than Indian Rupees are translated into Indian Rupees as follows:

A. assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet

B. income and expenses for each income statement are translated at average exchange rates; and

C. all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve for subsequent reclassification to profit or loss on disposal of such foreign operations.

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1.28 Taxation:

Current tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

1.29 Provisions, contingent liabilities and contingent assets:

Provisions are recognised only when:

(i) an Group entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

1.30 Commitment:

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) estimated amounts of contracts remaining to be executed on capital account and not provided for

b) uncalled liability on shares and other investments partly paid

c) funding related commitment to associate companies and

d) other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

1.31 Statement of cash flows:

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

(i) changes during the period in operating receivables and payables transactions of a non-cash nature

(ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised gains and losses; and

(iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

1.32 Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

1.33 Key source of estimation:

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, expected credit loss on loan books, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

1.34 Recent Pronouncements:

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendment to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes forming part of consolidated financial statements

2 Cash and cash equivalents

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	1.56	9.57
Balances with banks in current accounts (of the nature of cash and cash equivalents)	1,771.75	3,741.20
Balance with banks in fixed deposit with maturity less than 3 months*	1,820.04	5,357.91
Total	**3,593.35**	**9,108.68**

* During the current finacial year there are no fixed deposits that are in the process of lien marking against the secured debt securities. In the previous year such fixed deposits were ₹ 1000 crore.

3 Bank balance other than (Note 2) above

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances with banks		
Unclaimed infrastructure bonds	166.34	181.20
Unclaimed dividend on equity shares	1.12	1.17
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.78
Balance with banks in fixed deposit with maturity greater than 3 months and less than 12 months	1.12	733.78
Balances with banks held as margin money or security against borrowing, guarantees, other commitments	913.31	2,723.30
Total	**1,082.67**	**3,640.23**

4 Derivative financial instruments

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Currency derivatives:		
Notional amounts		
– Cross currency interest rate swaps	1,902.27	864.55
Fair value assets		
– Cross currency interest rate swaps	185.87	172.39
Fair value liabilities		
– Cross currency interest rate swaps	(2.88)	–
Subtotal (i)	**182.99**	**172.39**
Interest rate derivatives:		
Notional amounts		
– Overnight interest rate swaps	400.00	800.00
Fair value assets		
– Overnight interest rate swaps	2.55	2.06
Subtotal (ii)	**2.55**	**2.06**
Total (i+ii)	**185.54**	**174.45**
Fair value liabilities		
– Overnight Interest rate swaps	–	–

Included in above are derivatives held for hedging and risk management purposes as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value hedging:		
Notional amounts		
– Fair value derivatives	–	300.00
Fair value assets		
– Fair value derivatives	–	0.77
	–	**0.77**
Cash flow hedging:		
Notional amounts		
– Currency derivatives	1,902.27	864.55
– Interest rate derivatives	400.00	500.00
Fair value assets		
– Currency derivatives (i)	185.87	172.39
– Interest rate derivatives (ii)	2.55	1.29
Fair value liabilities		
– Currency derivatives (iii)	(2.88)	–
Sub total	**185.54**	**173.68**
Total derivative financial instruments (i + ii + iii)	**185.54**	**174.45**

5 Receivables

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables (Refer note 5a)		
(a) Receivables considered good – unsecured (Refer note 39)	**247.28**	5.88
(b) Receivables – credit impaired	**7.59**	7.59
(c) Impairment loss allowance	**(7.59)**	(7.59)
Subtotal (i)	**247.28**	5.88
Other receivables		
(a) Receivables considered good – unsecured	**3.22**	134.28
(b) Receivables from related parties (Refer note 39)	**–**	2.81
(c) Receivables – credit impaired	**10.93**	4.92
(d) Impairment loss allowance	**(10.93)**	(4.92)
Subtotal (ii)	**3.22**	137.09
Total receivables (i + ii)	**250.50**	142.97

Notes forming part of consolidated financial statements

5a Ageing of Trade Receivables

(₹ in crore)

Particulars	Outstanding as on March 31, 2024 *						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable considered good	–	246.98	0.30	–	–	–	247.28
Undisputed trade receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed trade receivable credit impaired	–	–	–	7.59	–	–	7.59
Less : Impairment loss	–	–	–	(7.59)	–	–	(7.59)
Disputed trade receivable considered good	–	–	–	–	–	–	–
Disputed trade receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed trade receivable credit impaired	–	–	–	–	–	–	–
Total	**–**	**246.98**	**0.30**	**–**	**–**	**–**	**247.28**

Ageing of Trade Receivables

(₹ in crore)

Particulars	Outstanding as on March 31, 2023 *						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivable considered good	–	5.80	0.05	0.03	–	–	5.88
Undisputed trade receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Undisputed trade receivable credit impaired	–	1.10	–	6.49	–	–	7.59
Less : Impairment loss	–	(1.10)	–	(6.49)	–	–	(7.59)
Disputed trade receivable considered good	–	–	–	–	–	–	–
Disputed trade receivable which have significant increase in credit risk	–	–	–	–	–	–	–
Disputed trade receivable credit impaired	–	–	–	–	–	–	–
Total	–	5.80	0.05	0.03	–	–	5.88

* The above ageing is prepared on the basis of date of the transaction.

Notes forming part of consolidated financial statements

6 Loans

(₹ in crore)

Particulars			As at March 31, 2024	As at March 31, 2023
(A)	**(i)**	**At amortised cost**		
		Term loans	80,035.53	61,384.00
		Leasing	–	0.43
		Total gross loans at amortised cost	80,035.53	61,384.43
		Less: impairment loss allowance	(3,537.75)	(3,286.62)
		Subtotal (i)	**76,497.78**	**58,097.81**
	(ii)	**At fair value through profit or loss:**		
		Term loans	5,267.91	18,514.00
		Debentures	248.68	715.27
		Loans repayable on demand	12.40	279.17
		Total gross loans at fair value through profit or loss	5,528.99	19,508.44
		Less: impact of fair value changes	(667.38)	(2,451.70)
		Subtotal (ii)	4,861.61	17,056.74
		Total (i) + (ii)	**81,359.39**	**75,154.55**
(B)	**(i)**	**At amortised cost**		
		Secured by tangible assets	42,732.48	34,394.74
		Unsecured	37,303.05	26,989.69
		Total gross loans at amortised cost	80,035.53	61,384.43
		Less: impairment loss allowance	(3,537.75)	(3,286.62)
		Subtotal (i)	**76,497.78**	**58,097.81**
	(ii)	**At fair value through profit or loss:**		
		Secured by tangible assets	5,528.99	19,485.93
		Unsecured	–	22.51
		Total gross loans at fair value through profit or loss	5,528.99	19,508.44
		Less: impact of fair value changes	(667.38)	(2,451.70)
		Subtotal (ii)	**4,861.61**	**17,056.74**
		Subtotal (i) + (ii)	**81,359.39**	**75,154.55**
(C)	**(I)**	**Loans in India**		
		(i) At amortised cost		
		Others	80,035.53	61,384.43
		Less: impairment loss allowance	(3,537.75)	(3,286.62)
		Subtotal (i)	**76,497.78**	**58,097.81**
		(ii) At fair value through profit or loss:		
		Public sector	–	6.25
		Others	5,528.99	19,502.19
		Less: impact of fair value changes	(667.38)	(2,451.70)
		Subtotal (ii)	**4,861.61**	**17,056.74**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(II) Loans outside India		
(i) At amortised cost		
Public sector	–	–
Others	–	–
Less: impairment loss allowance	–	–
Subtotal (i)	**–**	**–**
(ii) At fair value through profit or loss:		
Public sector	–	–
Others	–	–
Less: impact of fair value changes	–	–
Subtotal (ii)	**–**	**–**
Total (i) + (ii)	**81,359.39**	**75,154.55**

7 Investments

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
(A) INVESTMENTS IN FULLY PAID EQUITY SHARES						
(i) Quoted						
(a) Investments carried at fair value through profit or loss						
JSW Ispat special product limited	–	–	–	10	5,93,420	1.85
3i Infotech limited	–	–	–	10	2,42,638	0.67
MIC Electronics Limited	–	–	–	2	13,46,154	1.60
Monind limited	10	4,638	–	10	4,638	–
Monnet project developers limited	10	11,279	–	10	11,279	–
Zee media corporation limited	–	–	–	10	2,53,98,667	21.85
Zee learn limited	10	2,21,62,667	13.54	10	2,21,62,667	7.20
Siti networks limited	10	4,00,29,862	2.60	10	5,73,83,732	6.60
Future retail limited	–	–	–	10	26,47,883	0.55
			16.14			**40.32**
(ii) Unquoted						
(a) Investments carried at fair value through profit or loss						
Unity Infraprojects Limited	2	6,94,370	–	2	6,94,370	–
KSK Energy Ventures Limited	10	1,06,88,253	–	10	1,06,88,253	–
Integrated Digital Info Services Limited	10	3,83,334	–	10	3,83,334	–
Elque Polyesters Limited	10	1,94,300	–	10	1,94,300	–
Gol Offshore Limited	10	1,13,44,315	–	10	1,13,44,315	–
SVOGL Oil Gas and Exploration Services Limited	10	34,37,172	–	10	34,37,172	–

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
Glodyne Technoserve Limited	6	3,19,262	–	6	3,19,262	–
Usher Agro Limited	10	3,35,344	–	10	3,35,344	–
Revent Metalcast Limited (Erstwhile Castex Technologies Limited)	2	7,65,241	–	2	7,65,241	–
Soma tollways private limited	–	–	–	10	1,92,65,780	166.19
Bhoruka power corporation limited	10	17,58,848	16.17	10	17,58,848	36.17
Ardom telecom private limited	10	33,58,380	9.50	10	33,58,380	9.50
Grameen capital india private limited	10	21,26,000	–	10	21,26,000	–
Indian highways management company limited	10	15,00,000	1.73	10	15,00,000	1.73
Tikona infinet limited	10	4,25,912	–	10	4,25,912	–
Bhoruka power india investments private limited	10	10	–	10	10	–
The malad sahakari bank limited	10	100	–	10	100	–
Athena chattisgarh power limited	10	6,93,00,000	–	10	6,93,00,000	–
Coastal projects limited	10	78,96,884	–	10	78,96,884	–
KSK Mahanadi Power Company Limited	10	2,63,85,108	–	10	2,63,85,108	–
NSL sugars limited	10	29,25,656	–	10	29,25,656	–
Soma enterprises limited	–	–	–	10	5,00,000	–
Supreme best value kolhapur(shiroli) sangli tollways private limited	10	5,026	–	10	5,026	–
Saumya mining limited	10	10,77,986	–	10	10,77,986	–
Mediciti healthcare services private limited	10	16,35,003	–	10	16,35,003	–
Alpha micro finance consultants private limited	10	2,00,000	–	10	2,00,000	–
Icomm tele limited	10	41,667	–	10	41,667	–
VMC systems limited	10	9,07,264	–	10	9,07,264	–
Hanjer biotech energies private limited	10	2,08,716	–	10	2,08,716	–
Metropoli overseas limited	10	99,400	–	10	99,400	–
Anil chemicals and industries limited	10	40,000	–	10	40,000	–
			27.40			**213.59**
(B) Investments in debt securities						
(a) Investments carried at fair value through profit or loss						
Bhoruka power corporation limited	1,00,000	6,729	14.71	1,00,000	32,500	137.54
Tikona Infinet Limited	2,840	5,79,772	–	2,840	5,79,772	–
Regen infrastructure and services private limited	10,00,000	701	35.74	1,00,000	701	35.74
RKV enterprise private limited	1,00,000	5,846	24.00	1,00,000	5,846	24.00
Soma enterprises limited	–	–	–	10	8,07,12,081	–
Soma Infrastructure Limited	10,00,000	1,120	113.84	–	–	–
			188.29			**197.28**
(b) Investment carried at fair value through other comprehensive income						
The south indian bank limited	1,00,000	38,759	404.97	1,00,000	38,759	400.86
ECL finance limited	–	–	–	1,000	15,00,000	159.43
			404.97			**560.29**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
(C) Investments in mutual funds						
(a) Investments carried at fair value through profit or loss						
Bandhan Liquid Fund –Direct Plan–Growth	1,000	4,29,109	125.19	–	–	–
HSBC Liquid Fund – Direct Plan – Growth	1,000	7,46,528	177.74	1,000	19,80,025	442.66
Mirae Asset Cash Management Fund– Direct Plan – Growth	–	–	–	1,000	2,10,668	50.07
Mirae Asset Liquid Fund – Direct Plan – Growth	1,000	5,89,038	150.22	–	–	–
Invesco Liquid Fund – Direct Plan– Growth	1,000	3,02,113	100.15	1,000	3,24,050	100.14
Axis Liquid Fund – Direct Plan – Growth Option	1,000	5,59,775	150.23	1,000	24,57,755	614.66
HSBC Overnight Fund – Direct Plan – Growth	–	–	–	1,000	1,364	0.16
Kotak Liquid Fund – Direct Plan – Growth	1,000	4,10,557	200.33	1,000	17,61,040	800.99
ICICI Prudential Liquid Fund – DP– Growth	100	14,01,038	50.07	100	1,17,16,728	390.39
Aditya birla sun life liquid fund – growth – direct plan	100	44,97,518	175.26	100	1,79,25,194	650.83
Tata Liquid Fund – Direct Plan – Growth	1,000	3,94,205	150.20	1,000	9,86,519	350.35
Nippon India Overnight Fund – Direct Plan – Growth Option	1,000	3,38,954	200.30	–	–	–
HDFC Liquid Fund –DP– Growth Option	1,000	3,16,707	150.23	1,000	7,91,774	350.22
SBI Liquid Fund Direct Plan – Growth	1,000	6,87,632	259.87	1,000	12,78,544	450.47
Nippon India Overnight Fund – Direct Plan – Growth	–	–	–	1,000	6,36,143	350.32
UTI– Liquid Cash Plan–Direct Plan–Growth Option	1,000	3,79,498	150.20	1,000	5,42,735	200.24
DSP Liquidity Fund – Direct Plan – Growth	1,000	1,45,062	50.07	–	–	–
Baroda Pioneer Liquid Fund	1,000	3,59,619	100.15	–	–	–
LIC MF Liquid Fund–DP–Growth	1,000	2,28,367	100.14	–	–	–
Bajaj Finserv Liquid Fund – Direct Plan	1,000	7,12,698	75.10	–	–	–
Canara Robeco Liquid Fund – Direct Plan–Growth	1,000	86,524	25	–	–	–
Sundaram Liquid Fund–Direct Plan	1,000	2,34,782	50.06	–	–	–
			2,440.56			**4,751.50**
(D) Investments in fully paid preference shares (Unquoted)						
(a) Investment carried at fair value through profit or loss						
Grameen capital india private limited	10	38,74,000	–	10	38,74,000	–
Ardom telecom private limited (Face value ₹ 100,000 each)	1,00,000	950	63.48	1,00,000	950	63.48
3i infotech limited	5	38,96,954	–	5	38,96,954	–
10% SEW vizag coal terminal private limited	10	47,95,256	–	10	47,95,256	–
			63.48			**63.48**
(E) Investments in government securities						
(a) Investment carried at fair value through other comprehensive income						
Government of India stock and treasury bills						
7.35% GOI STOCK 2024	100	2,53,14,000	258.43	100	2,53,14,000	258.44
7.37% GOI Stock 2023	–	–	–	100	1,65,00,000	170.60
7.16% GOI STOCK 2023	–	–	–	100	1,95,00,000	200.16

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
6.30% GOI STOCK 2023	–	–	–	100	20,00,000	20.62
7.68% GOI STOCK	–	–	–	100	85,00,000	87.31
8.83% GOI STOCK	–	–	–	100	62,44,400	65.10
7.59% GOI STOCK 2026	100	2,50,00,000	256.32	100	2,50,00,000	256.84
5.63% GOI STOCK 2026	100	2,10,00,000	210.09	100	2,10,00,000	206.99
7.27% GOI STOCK 2026	100	40,00,000	41.54	100	40,00,000	41.53
7.70% NHAI Sept 2029	10,00,000	640	66.90	10,00,000	640	66.97
8.27% NHAI Mar 2029	10,00,000	150	15.39	10,00,000	150	15.56
8.36% NHAI May 2029	10,00,000	100	11.02	10,00,000	100	11.07
182 DTB 14–09–23	–	–	–	100	2,50,00,000	77.56
364 DTB 29–06–23	–	–	–	100	1,10,00,000	108.25
364 DTB 06–07–23	–	–	–	100	80,00,000	78.60
364 DTB 03–08–23	–	–	–	100	1,50,00,000	146.59
182 DTB 04–05–23	–	–	–	100	50,00,000	49.73
182 DTB 06/4/23	–	–	–	100	1	84.91
5.22% GS 2025	100	60,00,000	59.63	–	–	–
364 DTB – 03–10–24	100	60,00,000	57.92	–	–	–
8.20% GS 2025	100	1,80,00,000	183.06	–	–	–
182 DTB 23–05–24	100	2,00,00,000	198.02	–	–	–
364 DTB – 21–11–24	100	2,00,00,000	191.29	–	–	–
7.38% GOI 20–06–2027	100	4,00,00,000	412.00	–	–	–
364 DTB 12–09–24	100	71,20,000	69.00	–	–	–
364 DTB 19–09–24	100	1,00,00,000	96.79	–	–	–
364 DTB 08–08–24	100	1,00,00,000	97.56	–	–	–
364 DTB 04–04–24	100	1,70,00,000	169.84	–	–	–
9.15% GOI STOCK 2024	100	50,00,000	52.36	–	–	–
364 DTB 14–09–23	–	–	–	100	80,00,000	242.38
			2,447.18			**2,189.20**
(F) Investments in units of funds						
(a) Investments carried at fair value through profit or loss						
KKR india debt opportunities fund ii	1,000	1,56,523	0.10	1,000	1,56,523	0.17
KKR india debt opportunities fund iii	1,000	21,226	–	1,000	21,226	–
LICHFL urban development fund	10,000	10,000	0.99	10,000	10,000	1.62
LICHFL housing and infrastructure trust	100	26,28,553	26.29	100	26,80,556	26.81
			27.38			**28.60**
(b) Investment carried at fair value through other comprehensive income						
Indinfravit trust	–	–	–	100	1,00,000	0.90
			–			**0.90**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
(G) Investment in pass through certificates						
(a) Investment carried at fair value through other comprehensive income						
Smith IFMR capital	4	1,20,96,782	3.29	4	1,20,96,782	3.29
Goldstein IFMR capital	43	8,57,170	2.45	43	8,57,170	2.45
Syme IFMR capital	1	1,42,10,515	1.11	1	1,42,10,515	1.11
Moses IFMR capital	1	22,50,000	0.22	1	22,50,000	0.22
			7.07			**7.07**
(H) Investment in security receipts						
(a) Investments carried at fair value through profit or loss						
Phoenix Trust FY 23–7	743	83,30,000	574.57	990	83,30,000	820.30
Phoenix ARF scheme 9	1	6,612	–	1	6,612	–
Phoenix ARF scheme 11	1	44,208	–	1	44,208	–
Phoenix ARF scheme 13	5	27,404	–	5	27,404	–
Phoenix ARF scheme 14	1,000	34,882	–	1,000	34,882	–
Phoenix Trust FY 14–9	923	11,08,935	–	931	11,08,935	–
Phoenix Trust FY 19–6	1	12,49,500	0.12	85	12,49,500	10.62
JMFARC–IRIS December 2016 – trust – Series I	1,000	6,885	–	1,000	6,885	–
EARC trust SC – 258 – series I	547	32,30,000	–	547	32,30,000	–
JMFARC LTF June 2017 trust	376	7,78,349	10.80	526	7,78,349	15.11
Suraksha ARC – 020 trust	752	8,67,000	32.73	767	8,67,000	50.46
Suraksha ARC – 020 trust (Series – II)	838	1,26,310	4.94	889	1,26,310	7.75
Phoenix trust FY 20–4	257	30,26,000	3.93	257	30,26,000	38.88
Omkara PS10/2019–20 trust	1,000	34	–	1,000	62,429	–
EARC trust SC 367	639	1,17,30,000	558.23	780	1,17,30,000	773.04
ARCIL–CPS–062–I–trust	942	51,85,000	249.19	942	51,85,000	366.17
Suraksha ARC – 037 trust	1,000	11,07,125	109.47	1,000	11,07,125	109.47
PHOENIX TRUST–FY24–5	1,000	1,43,56,500	1,432.32	–	–	–
EARC trust – SC 105	651	11,90,000	–	768	11,90,000	–
EARC trust – SC 132	1	8,500	–	1	8,500	–
JM financials (JMFARC) series	376	26,21,651	37.79	526	26,21,651	52.83
CFMARC Trust 124	1,000	7,25,543	70.07	–	–	–
ARCIL–CPS–I–trust	672	58,05,500	365.90	744	58,05,500	431.95
Arcil–AST– IX trust	897	76,58,500	686.93	986	76,58,500	755.20
CFMARC trust 67	1,000	5,62,275	23.97	1,000	5,93,691	29.92
CFMARC trust 73	1,000	21,15,361	174.18	1,000	22,29,040	210.92
CFMARC trust 74	1,000	10,91,587	90.34	1,000	10,92,896	101.39
CFMARC trust 76	1,000	5,74,337	51.48	1,000	5,76,334	54.55
CFMARC TRUST – 104	1,000	6,50,250	65.03	1,000	6,50,250	65.03
CFMARC TRUST – 103	1,000	4,52,404	45.25	1,000	5,48,250	54.83

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Face value (₹)	Quantity (Nos)	Net carrying value	Face value (₹)	Quantity (Nos)	Net carrying value
Pegasus Group Thirty Eight Trust 1	769	3,28,729	13.64	824	3,28,729	15.46
ARCIL–CPS–III TRUST	1,000	59,67,000	591.77	1,000	59,67,000	591.74
ARCIL–CPS–65–I–Trust	988	93,50,000	909.21	1,000	93,50,000	920.81
ACRE 109 TRUST	658	7,82,000	47.38	819	7,82,000	57.68
Phoenic Trust FY 22–7	713	31,53,500	153.61	751	31,53,500	162.45
Phoenix Trust–FY23–37	989	91,37,500	672.27	–	–	–
Phoenix Trust–FY 22–16	856	95,20,000	463.57	921	95,20,000	624.48
PRUDENT TRUST– 89/23	1,000	5,27,000	52.22	–	–	–
			7,490.91			**6,321.05**
Total investments (A)			**13,113.38**			**14,373.27**
(i) Investments outside India			–			–
(ii) Investments in India			13,113.38			14,373.27
Total investments (B)			**13,113.38**			**14,373.27**
Less: net fair value changes (C)			728.49			7.07
Net total investment (D)= (A)–(C)			**12,384.89**			**14,366.20**

8 Other financials assets

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	53.39	50.21
Margin money deposits	6.29	11.40
Collateralized borrowing and lending obligation	499.91	–
Other receivables	72.52	28.69
Total	**632.11**	**90.30**

9 Investment Properties

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Gross carrying amount		
Opening gross carrying amount	40.50	40.50
Less: deductions during the year	(40.50)	–
Closing gross carrying amount	**–**	**40.50**
Accumulated depreciation and impairment		
Opening accumulated depreciation	21.40	21.02
Add: depreciation and impairment	0.19	0.38
Less: deductions during the year	(21.59)	–
Closing accumulated depreciation	–	21.40
Total	**–**	**19.10**

Notes forming part of consolidated financial statements

10 Property, plant and equipment

(₹ in crore)

Particulars	Gross carrying amount*				Accumulated depreciation*				Net carrying amount	
	As at April 01, 2023	Additions	Deductions / Adjustments	As at March 31, 2024	As at April 01, 2023	For the year	Deductions / Adjustments	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Tangible										
Land :										
Freehold	155.93	–	–	155.93	–	–	–	–	155.93	155.93
Buildings :										
Owned**	154.99	–	–	154.99	18.20	2.46	–	20.66	134.33	136.79
Leasehold Improvements	0.71	–	–	0.71	0.52	–	–	0.52	0.19	0.19
Leasehold renovation										
Owned	10.69	3.58	1.93	12.34	7.06	1.32	1.82	6.56	5.78	3.63
Leased out	–	–	–	–	–	–	–	–	–	–
Electrical & Installation										
Owned	26.75	–	–	26.75	18.00	2.55	–	20.55	6.20	8.75
Leased out	–	–	–	–	–			–	–	–
Plant and equipments										
Owned	0.44	–	0.44	–	0.18	0.01	0.19	–	–	0.25
Leased out	2.80	–	–	2.80	2.16	–	–	2.16	0.64	0.64
Computers										
Owned	44.93	12.99	0.11	57.81	37.30	4.06	0.10	41.26	16.55	7.63
Leased out	–	–	–	–	–	–	–	–	–	–
Furniture and fixtures										
Owned	20.87	2.69	5.59	17.97	11.61	2.24	2.68	11.17	6.80	9.26
Leased out	4.74	–	–	4.74	4.06	–	–	4.06	0.68	0.68
Office equipments										
Owned	33.96	9.25	8.80	34.41	17.90	5.61	2.24	21.27	13.14	16.06
Leased out	0.01	–	–	0.01	–	–	–	–	0.01	0.01
Vehicles										
Owned	13.68	10.11	2.13	21.66	4.08	4.38	1.46	7.00	14.66	9.60
Leased out	0.22	–	–	0.22	0.16	–	–	0.16	0.06	0.06
Total	**470.72**	**38.62**	**19.00**	**490.34**	**121.23**	**22.63**	**8.49**	**135.37**	**354.97**	**349.48**
Previous year	425.91	47.96	3.15	470.72	108.06	15.74	2.57	121.23	349.48	

* The Company has not revalued its property, plant and equipment during the year and hence there is no movement for revaluation shown separately.

** The tittle deed of the immovable property acquired under the scheme of amalgamation, is held in the name of erstwhile subsidiary which was merged with one of the subsidiary with effect from 01 April, 2016, also the title deed holder is not a promoter, director or related party.

Notes forming part of consolidated financial statements

Intangible assets :

(₹ in crore)

Particulars	Gross carrying amount*				Accumulated depreciation*				Net carrying amount	
	As at April 01, 2023	Additions	Deductions / Adjustments	As at March 31, 2024	As at April 01, 2023	For the year	Deductions / Adjustments	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Specialised softwares	395.58	50.07	(9.65)	455.30	280.21	78.33	(0.63)	359.17	96.13	115.37
Total	**395.58**	**50.07**	**(9.65)**	**455.30**	**280.21**	**78.33**	**(0.63)**	**359.17**	**96.13**	**115.37**
Previous year	315.00	80.58	–	395.58	198.98	81.23	–	280.21	115.37	–
Add: Intangible assets under development									**35.62**	**4.81**
									131.75	**120.18**

* The Company has not revalued its intangible assets during the year and hence there is no movement for revaluation shown separately.

Intangible assets under development ageing as on March 31, 2024 :

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	35.62	–	–	–	35.62
Projects temporarily suspended	–	–	–	–	–

Intangible assets under development ageing as on March 31, 2023 :

(₹ in crore)

Particulars	Amount in Intangible asset under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4.69	0.12	–	–	4.81
Projects temporarily suspended	–	–	–	–	–

11 Right of use asset

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance		
Opening gross carrying amount	55.17	31.23
Add: additions during the year	15.19	39.68
Less: depreciation during the year	(13.62)	(13.89)
Less: right of use asset decrognised	(1.89)	(1.85)
Total	**54.85**	**55.17**

Notes forming part of consolidated financial statements

12 Other non-financials assets

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	33.21	38.78
Property, plant and equipment held for sale	1.15	1.15
Capital advances	3.08	2.10
Amount paid under protest	31.55	52.76
Assets acquired in settlement of claims	413.60	465.97
Others	42.88	28.30
Total	**525.47**	**589.06**

13 Payables

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables (Refer note 13a)		
Micro and small enterprises	–	0.15
Due to others	1,088.38	782.76
Due to related parties (Refer note 39)	133.47	23.48
Sub total (i)	**1,221.85**	**806.39**
Other payables		
Micro and small enterprises	–	–
Due to others	–	–
Due to related parties	–	–
Sub total (ii)	**–**	**–**
Total (i) + (ii)	**1,221.85**	**806.39**

Notes forming part of consolidated financial statements

13a Ageing of Trade Payables

(₹ in crore)

Particulars	Outstanding as on March 31, 2024 *						Total
	Unbilled dues	Bill Raised but not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed							
MSME	–	–	–	–	–	–	–
Others	1,148.49	0.12	73.24	–	–	–	1,221.85
Disputed	–	–	–	–	–	–	
MSME	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**1,148.49**	**0.12**	**73.24**	**–**	**–**	**–**	**1,221.85**

Ageing of Trade Payables

(₹ in crore)

Particulars	Outstanding as on March 31, 2023 *						Total
	Unbilled dues	Bill Raised but not due	Less than 1 years	1-2 years	2-3 years	More than 3 years	
Undisputed							
MSME	–	–	0.15	–	–	–	0.15
Others	762.04	0.34	43.86	–	–	–	806.24
Disputed							
MSME	–	–	–	–	–	–	–
Others	–	–	–	–	–	–	–
Total	**762.04**	**0.34**	**44.01**	**–**	**–**	**–**	**806.39**

* The above ageing is prepared on the basis of date of the transaction.

14 Debt securities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) At amortised cost*		
Commercial papers (net)	3,681.72	7,426.45
Non convertible debentures	25,887.73	28,678.93
Total	**29,569.45**	**36,105.38**
(B) (a) Debt securities in India		
(i) At amortised cost	29,569.45	36,105.38
Subtotal	**29,569.45**	**36,105.38**
(b) Debt securities outside India		
(i) At amortised cost	–	–
Subtotal	**–**	**–**
Total (a+b)	**29,569.45**	**36,105.38**
(C) At amortised cost		
Secured	25,887.73	28,678.93
Unsecured	3,681.72	7,426.45
Total	**29,569.45**	**36,105.38**

* All the borrowings are utlised for the pupose for which there were borrowed.

Notes forming part of consolidated financial statements

15 Borrowings (other than debt securities)

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) At Amortised Cost		
(a) Term Loans		
(i) From banks	20,303.86	20,260.14
(ii) From financial institutions	4,048.52	6,056.90
(b) Loan repayable on demand		
(i) From banks	16,615.58	15,520.56
(c) External commercial borrowings	2,105.51	1,802.52
(d) Associated liability related to securitisation transactions	957.82	–
(e) Collateralized borrowing and lending obligation	399.18	499.47
Total	**44,430.47**	**44,139.59**
(B) (a) Borrowings (other than debt securities) in India		
(i) At amortised cost	42,324.96	42,337.07
Subtotal	**42,324.96**	**42,337.07**
(b) Borrowings (other than debt securities) outside India		
(i) At amortised cost	2,105.51	1,802.52
Subtotal	**2,105.51**	**1,802.52**
Total (a+b)	**44,430.47**	**44,139.59**
(C) At Amortised cost		
- Secured	40,855.47	40,484.57
- Unsecured	3,575.00	3,655.02
Total	**44,430.47**	**44,139.59**

16 Subordinated liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) At amortised cost		
Perpetual debt instruments to the extent that do not qualify as equity	367.36	404.80
Subordinate debt instruments	2,173.59	2,393.68
Total	**2,540.95**	**2,798.48**
(B) (a) Subordinated liabilities in India		
(i) At amortised cost	2,540.95	2,798.48
Subtotal	**2,540.95**	**2,798.48**
(b) Subordinated liabilities outside India		
(i) At amortised cost	–	–
Subtotal	**–**	**–**
Total (a) + (b)	**2,540.95**	**2,798.48**
Total (B) to tally with (A)	**–**	**–**
(C) At amortised cost		
– Unsecured	2,540.95	2,798.48
Total	**2,540.95**	**2,798.48**

Notes forming part of consolidated financial statements

17 Other financial liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	10.08	10.76
Liabilities for expenses	328.97	279.31
Book overdraft	459.65	–
Short term obligation	28.34	11.47
Unclaimed infrastructure bonds	166.34	181.20
Unclaimed dividend on equity shares	1.12	1.17
Unclaimed redemption proceeds and dividend on preference shares	0.78	0.78
Other payables*	58.15	59.55
Total	**1,053.43**	**544.24**

*Include unspent amount for CSR expenses amounting to Nil in current year (previous year ₹ 1.40 crore)

18 Provisions

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Compensated absences	25.57	20.38
Super annuation fund	0.28	0.29
Gratuity (Refer note 37)	8.89	12.03
Total	**34.74**	**32.70**

19 Other non-financial liabilities

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable (Net)	73.14	56.56
Total	**73.14**	**56.56**

20 Equity share capital

(I) Share capital authorised, issued, subscribed and paid up

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Authorised (Refer note below):				
Equity shares of ₹ 10 each	10,87,45,59,610	10,874.56	5,00,00,00,000	5,000.00
Preference shares of ₹ 10,00,000 each	10,000	1,000.00	–	–
Preference shares of ₹ 100 each	50,12,00,000	5,012.00	50,00,00,000	5,000.00
Issued, subscribed & paid up:				
Equity shares of ₹ 10 each fully paid	**2,48,89,40,310**	**2,488.94**	**2,47,96,71,117**	**2,479.67**

* The authorized share capital of the Company has been increased w.e.f December 4, 2023 being the effective date of merger of L&T Finance Limited, L&T Infra Credit Limited, L&T Mutual Fund Trustee Limited with the Company.

Notes forming part of consolidated financial statements

(II) Terms/rights attached to equity shares

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

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

(III) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
At the beginning of the year	2,47,96,71,117	2,479.67	2,47,40,35,488	2,474.04
Issued during the year				
- Against employee stock option	92,69,193	9.27	56,35,629	5.63
Outstanding at the end of the year	**2,48,89,40,310**	**2,488.94**	**2,47,96,71,117**	**2,479.67**

(IV) Equity shares in the Company held by the holding company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Larsen & Toubro Limited and it's nominee	1,63,92,30,125	1,639.23	1,63,92,29,920	1,639.23
	1,63,92,30,125	**1,639.23**	**1,63,92,29,920**	**1,639.23**

(V) Details of shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding	No. of Shares	% holding
Larsen & Toubro Limited and it's nominee	1,63,92,30,125	65.86%	1,63,92,29,920	66.11%

(VI) Details of shares held by promoters in the company as at March 31, 2024

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,30,125**	**65.86%**	**-0.25%**

(VII) Details of shares held by promoters in the company as at March 31, 2023

Particulars	No. of Shares	% of total shares	% Change during the year
Larsen & Toubro Limited and it's nominee	**1,63,92,29,920**	**66.11%**	**2.64%**

Notes forming part of consolidated financial statements

(VIII) Details of shares reserved to be issued under ESOP

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	(₹ in crore)	No. of Shares	(₹ in crore)
Equity Shares of ₹ 10 each	2,23,25,003	22.33	2,81,02,494	28.10
	2,23,25,003	**22.33**	**2,81,02,494**	**28.10**

(IX) Capital Management

1. The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of its Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated.
2. During the year ended March 31, 2024, the Company has paid the final dividend of ₹ 2.00 per equity share for the year ended March 31, 2023 amounting to ₹ 496.61 crore. (PY 2022-23 : ₹ 123.75 crore).
3. The Compnay has proposed a final dividend of ₹ 2.50 per share in the Board meeting subject to approval from shareholders.

(X) Employee stock option scheme

1. The Company has formulated Employee Stock Option Schemes 2010 (ESOP Scheme-2010) and 2013 (ESOP Scheme 2013). The grant of options to the employees under the stock option schemes is on the basis of their performance and other eligibility criteria. The options allotted under the scheme 2010 are vested over a period of four years in the ratio of 15%, 20%, 30% and 35% respectively from the end of 12 months from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under the scheme 2013 are vested in a graded manner over a period of four years with 0%, 33%, 33% and 34% of grants vesting each year, commencing from the end of 24 months from the date of grant or w.e.f. July 10, 2019 vested in a graded manner over a period of four years with 25%, 25%, 25% and 25% of grants vesting each year, commencing from the end of 12 months from the date of grant.
2. Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.
3. The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 can be exercised either at market price which was the last closing price on National stock exchange preceding the date of grant or w.e.f. July 10, 2019 ₹ 10 respectively.
4. During the year ended March 31, 2024, 4,98,750 and 87,70,443 options were allotted under the scheme 2010 and 2013 respectively.

Notes forming part of consolidated financial statements

5. The details of the grants are summarised below:

Particulars	Scheme 2010		Scheme 2013	
	2023-24	2022-23	2023-24	2022-23
Options granted and outstanding at the beginning of the year	5,63,750	9,48,250	2,75,38,744	4,01,58,040
Options granted during the year	–	–	67,41,444	8,21,880
Options cancelled/ lapsed during the year	–	1,88,000	32,49,742	80,02,047
Options exercised during the year	4,98,750	1,96,500	87,70,443	54,39,129
Options granted and outstanding at the end of the year of which:				
- Options vested	65,000	4,85,000	1,13,32,467	1,83,45,892
- Options yet to vest	–	78,750	1,09,27,536	91,92,852
Weighted average remaining contractual life of options (in years)	0.75	2.81	4.18	4.78

6. During the year, the Group has debited to the Statement of Profit and Loss ₹ 37.85 crore (Previous year ₹ 25.65 crore) towards the stock options granted to their employees, pursuant to the employee stock option schemes.

7. Weighted average fair values of options granted during the year is ₹ 118.74 (Previous year: ₹ 69.48) per options.

8. The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

Particulars	2023-24	2022-23
Weighted average risk-free interest rate	7.20%	6.65%
Weighted average expected life of options	2.77 years	2.75 years
Weighted average expected volatility	36.53%	39.16%
Weighted average expected dividend over the life of the options	5.54 per option	2.66 per option
Weighted average share price	131.38 per option	79.87 per option
Weighted average exercise price	10 per option	10 per option
Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

21 Other equity

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Securities premium account[1]	7,892.99	7802.07
General reserve[2]	490.51	478.16
Debenture redemption reserve[3]	0.29	1.14
Capital redemption reserve	68.85	68.85
Capital reserve on consolidation	492.36	492.36
Reserve u/s 36 (1)(viii) of Income tax Act 1961[4]	1,051.28	1,031.28
Reserve u/s 45-IC of Reserve Bank of India Act, 1934[5]	3,137.70	2,680.45
Reserve u/s 29C of National Housing Bank Act 1987[6]	27.43	27.43
Employee stock option outstanding account[7]	109.69	141.03
Retained earnings[8]	7,649.06	6,299.30
Impairment reserve[9]	32.39	32.39
Other comprehensive income		
- Fair value changes of financial instrument measured at fair value through OCI	1.41	(7.53)
- Effective portion of cash flow hedge	(4.46)	1.77
Total	**20,949.50**	**19,048.70**

Notes:

1. **Securities premium account:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Account. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium account. The account is utilised in accordance with the provisions of the Companies Act 2013.

2. **General reserve:** The Company created a general reserve in earlier years pursuant to the provisions of the Companies Act,1956 where in certain percentage of profits was required to be transferred to general reserve before declaring dividends. As per Companies Act 2013, the requirements to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the Company.

3. **Debenture redemption reserve:** The company has issued redeemable non-convertible debentures, it has created debenture redemption reserve out of its profits available for payment of dividend in accordance with the provisions of section 71(4) of the Companies Act, 2013 to be utilised for the redemption of debentures. The Ministry of Corporate Affairs, vide notification dated 19-August-2019 has amended the Companies (Share Capital & Debentures) Rules and accordingly the Company is no longer required to create debenture redemption reserve on issuance of redeemable non-covertible debentures.

4. **Reserve u/s 36(1)(viii) of Income tax Act 1961:** In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.

5. **Reserve u/s 45 IC of Reserve Bank of India Act, 1934:** The company has created a reserve pursuant to section 45 IC the Reserve Bank of India Act, 1934 by transferring amount not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss and before any dividend is declared.

Notes forming part of consolidated financial statements

6. **Reserve u/s 29C of National Housing Bank act 1987:** The company has created a reserve pursuant to the National Housing Bank, 1987 wherein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

7. **Employee stock option outstanding account:** The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary companies under Company's employee stock option scheme.

8. **Retained earnings:** Retained earnings represent the amount of accumulated earnings of the Company.

9. **Impairment reserve:** As per the RBI circular RBI/2019-20/170 dated March 13, 2020, where the guidelines require NBFCs to hold impairment allowances as required by Ind AS. In parallel NBFCs are required to compute provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). A comparison, as prescribed, between provisions required under IRACP and impairment allowances made under Ind AS 109 is required to be disclosed by NBFCs in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses. Where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs are required to appropriate the difference from their net profit or loss after tax to a separate 'Impairment Reserve'. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals shall be permitted from this reserve without prior permission from the Department of Supervision, RBI.

22 Interest income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial assets measured at:		
(i) Amortised cost		
Interest on loans	11,150.11	9,353.02
Interest on deposits with banks	265.44	174.76
Other interest income	8.00	7.50
(ii) Fair value through profit or loss		
Interest on loans	1,286.18	2,838.58
Interest income from investments	17.34	21.42
(iii) Fair value through other comprehensive income		
Income from other investments	186.86	169.83
Total	**12,913.93**	**12,565.11**

23 Dividend income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Dividend income on investments	0.10	0.08
Total	**0.10**	**0.08**

Notes forming part of consolidated financial statements

24 Rental income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Lease rental income	–	3.48
Total	**–**	**3.48**

25 Fees and commission Income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Distribution income	498.87	–
Consultancy, financial advisory and other financial activities	163.61	158.15
Total	**662.48**	**158.15**

26 Net gain/(loss) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(A) Net gain on financial instruments classified at fair value through profit or loss		
On trading portfolio		
Investments	4.07	16.07
Loans	–	32.06
Total	**4.07**	**48.13**
(B) Fair value changes:		
- Realised	**0.74**	(0.14)
- Unrealised	**3.33**	48.27
Total	**4.07**	**48.13**

27 Other income

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Income from cross sell	444.93	522.34
Net gain on derecognition of property, plant and equipments	0.03	2.97
Other income	29.58	1.44
Total	**474.54**	**526.75**

Notes forming part of consolidated financial statements

28 Finance costs

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial liabilities measured at amortised cost		
Interest on borrowings	2,647.38	2,444.25
Interest on debt securities	2,447.33	2,995.38
Interest on subordinated liabilities	247.08	317.65
Other interest expenses	35.40	39.96
Total	**5,377.19**	**5,797.24**

29 Net loss/(gain) on fair value changes

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(A) Net loss/(gain) on financial instruments classified at fair value through profit or loss		
On trading portfolio		
Investments	1,025.63	1,115.19
Loans	(675.20)	(509.55)
(B) Net loss/(gain) on disposal of financial instruments classified at fair value through other comprehensive income		
Derivative financial instruments	4.01	(3.91)
Investments	6.52	18.81
Total	**360.96**	**620.54**
Fair value changes:		
- Realised	(328.31)	734.22
- Unrealised	689.27	(113.68)
Total	**360.96**	**620.54**

30 Net loss/(gain) on derecognition of financial instruments under amortised cost category

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss on foreclosure and writeoff of loan (net off of recoveries for write off)	1,465.37	1,859.06
Less: Provision held reversed on derecognition of financial instruments	(1,007.66)	(1,499.37)
Total	**457.71**	**359.69**

Notes forming part of consolidated financial statements

31 Impairment on financial instruments

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial instruments measured at amortised cost:		
Loans	1,316.35	1,559.46
Trade receivables	6.01	0.72
Total	**1,322.36**	**1,560.18**

32 Employee benefits expenses

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries	1,623.74	1,256.81
Contribution provident, ESIC and superannuation fund	57.02	47.52
Contribution to gratuity fund (Refer note 37)	12.37	10.73
Share based payments to employees (Refer note 20 (X))	37.85	26.57
Staff welfare expenses	75.39	64.30
Total	**1,806.37**	**1,405.93**

33 Depreciation, amortisation and impairment

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation (Refer note 10)	22.63	15.74
Depreciation and impairment of investment property (Refer note 9)	0.19	0.38
Amortisation on right of use asset (Refer note 11, 40)	13.62	13.89
Amortisation on other intangible assets (Refer note 10)	78.33	81.23
Total	**114.77**	**111.24**

34 Other expenses

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Rent	45.40	24.74
Rates and taxes	48.57	3.26
Repairs and maintenance	63.14	56.29
Communication expenses	8.50	6.60
Director's sitting fees	1.06	1.13
Non executive directors remuneration	1.47	2.83
Auditor's fees and expenses (Refer note below)	2.50	2.45
Legal and professional charges	535.85	600.33
Insurance	5.64	3.51
Travelling and conveyance	52.79	39.01
Advertisement and publicity	103.41	60.20
Printing and stationery	10.74	10.33
Stamping charges	0.58	0.82
Electricity charges	7.12	6.13
Bank charges	9.47	14.43

Notes forming part of consolidated financial statements

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Brand license fee	130.74	23.31
Collection charges	522.99	422.04
Loan processing charges	13.39	10.54
Listing and custodian charges	0.60	0.97
Loss on sale of property, plant and equipments	0.63	–
Corporate social responsibility expenses	3.23	19.62
Miscellaneous expenses	18.91	7.69
Total	**1,586.73**	**1,316.23**

Auditor's fees and expenses:

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit fees	0.80	0.81
Limited review fees	0.94	0.78
Tax audit fees	0.13	0.12
Certification fees	0.26	0.50
Expenses reimbursed and others	0.37	0.24
Total	**2.50**	**2.45**

35 Tax expense

(₹ in crore)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax	715.69	626.32
Deferred tax charge/(reversal) (Refer note 43)	(3.79)	(453.95)
Total	**711.90**	**172.37**

36 The list of subsidiaries included in the consolidated financial statement are as under:

S No.	Name of subsidiaries/associates	Country of Incorporation	As at March 31, 2024		As at March 31, 2023	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
	Subsidiaries					
1	Erstwhile L&T Finance Limited (Refer Note 55)	India	–	–	100%	100%
2	L&T Mutual Fund Trustee Limited (Refer Note 55)	India	–	–	100%	100%
3	L&T Infra Credit Limited (Refer Note 55) (formerly known as L&T Infra Debt Fund Limited)	India	–	–	100%	100%
4	L&T Investment Management Limited (Refer Note 42)	India	–	–	100%	100%

Notes forming part of consolidated financial statements

S No.	Name of subsidiaries/associates	Country of Incorporation	As at March 31, 2024		As at March 31, 2023	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
5	Mudit Cements Private Limited #	India	–	–	100%	100%
6	L&T Financial Consultants Limited	India	100%	100%	100%	100%
7	L&T Infra Investment Partners Advisory Private Limited	India	100%	100%	100%	100%
8	L&T Infra Investment Partners Trustee Private Limited	India	100%	100%	100%	100%
9	L&T Infra Investment Partners	India	54.92%	54.92%	54.92%	54.92%

The Group has concluded sale of 100% shares of Mudit Cement Private Limited ("MCPL") (a step down subsidiary of the Company) on September 26, 2023, in accordance with the share purchase agreement approved by the Boards of MCPL and L&T Financial Consultants Limited (direct subsidiary of the Company and the holding company of MCPL). Hence, MCPL ceased to be a subsidiary of the Group.

37 Disclosure pursuant to Ind AS 19 "Employee benefits"

(i) Defined contribution plans

The Group recognised charges of ₹ 57.02 crores (Previous year: ₹ 47.52 crores) for provident fund contribution, Employee State Insurance Scheme and Superannuation fund in the Consolidated Statement of Profit and Loss.

(ii) Defined benefits gratuity Plan

(a) The amounts recognised in Balance Sheet:

(₹ in crore)

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
A)	**Present value of defined benefit obligation**		
	– Wholly funded	60.19	47.91
	– Wholly unfunded	0.21	0.50
		60.40	48.41
	Less : Fair value of plan assets	(51.51)	(36.38)
	Add : Amount not recognised as an asset (limit in para 64(b) of IndAS 19)	–	–
	Amount to be recognised as liability or (asset)	**8.89**	**12.03**
B)	**Amounts reflected in Balance Sheet**		
	Liabilities	8.89	12.03
	Assets	–	–
	Net liability/(asset)	**8.89**	**12.03**

Notes forming part of consolidated financial statements

(b) The amounts recognised in the Statement of Profit and Loss:

(₹ in crore)

	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
1	Current service cost	12.37	11.31
2	Interest cost (net of interest income on plan asset)	0.77	0.46
3	Interest on plan assets	–	–
4	Actuarial losses/(gains) – others	(2.04)	(0.40)
5	Actuarial losses/(gains) – difference between actuarial return on plan assets and interest income	(2.67)	0.92
Total		**8.43**	**12.29**
i	Amount included in "employee benefits expenses"	12.37	10.73
ii	Amount included in as part of "finance cost'	0.77	0.40
iii	Amount included as part of "other comprehensive income"	(4.71)	1.22
iv	Amount pertaining to discontinued operations	–	(0.06)
Total		**8.43**	**12.29**

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the present value of defined benefit obligation	48.41	48.73
Add : Current service cost	12.37	11.31
Add : Interest cost	3.14	2.50
Add : Acturial losses/(gains)		
i) Acturial (gains)/losses arising from changes in financial assumptions	0.39	(3.64)
ii) Acturial (gains)/losses arising from changes in demographic assumptions	(2.33)	–
iii) Acturial (gains)/losses arising from changes in experience adjustments	(0.10)	3.24
Less : Benefits paid	(1.48)	(6.41)
Less : Amount pertaining to discontinued operations	–	(7.31)
Add : Past service cost	–	–
Add/(Less) : Liability assumed/(settled)	–	(0.01)
Closing balance of the present value of defined benefit obligation	**60.40**	**48.41**

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Opening balance of the fair value of the plan assets	36.38	38.43
Add : Interest income of plan assets	2.37	2.04
Add/(less) : Acturial gains/(losses)	2.67	(0.92)
Add : Contribution by the employer	11.57	10.86
Less : Benefits paid	(1.48)	(6.41)
Less : Amount pertaining to discontinued operations	–	(7.62)
Closing balance of plan assets	**51.51**	**36.38**

e) Movement in asset ceiling:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Opening value of asset ceiling	–	–
Interest on opening balance of asset ceiling	–	–
Remeasurement due to changes in surplus/deficit	–	–
Closing value of asset ceiling	**–**	**–**

f) The fair value of major categories of plan assets:

(₹ in crore)

Particulars	Gratuity Plan	
	As at March 31, 2024	As at March 31, 2023
Government of India securities	1.23	1.31
Insurer managed funds (unquoted)	42.60	27.98
Others (quoted)	0.58	1.08
Others (unquoted)	7.10	6.01
Total	**51.51**	**36.38**

g) Principal acturial assumptions at the valuation date:

S. No.	Particulars	Gratuity Plan	
		As at March 31, 2024	As at March 31, 2023
(i)	Discount rate (per annum)	7.15%	7.25% to 7.50%
(ii)	Salary escalation rate (per annum)	9.00%	9.00%

(iii) **Discount rate:**

Discount rate based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Notes forming part of consolidated financial statements

(iv) **Salary escalation rate:**

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(v) **Attrition rate:**

The attrition rate varies from 0% to 44% (previous year: 0% to 33%) for various age groups.

(vi) **Mortality:**

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

(h) Sensitivity analysis

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

(₹ in crore)

Particulars		Gratuity Plan			
		Effect of 1% increase		Effect of 1% decrease	
		2023-24	2022-23	2023-24	2022-23
1	Impact of change in discount rate	(2.31)	(1.91)	2.88	2.52
2	Impact of change in salary escalation rate	2.95	2.46	(2.29)	(1.90)

(iii) Defined benefits provident fund plan:

In respect of the contribution by the employer and employee to the provident fund trust constituted by the ultimate parent company, in terms of the guidance note issued by the Institution of Acturial of India for the measurement of provident fund liabilities, the actuary engaged by the Group has provided the following information in this regards.

(a) The amounts recognised in Balance Sheet:

(₹ in crore)

Particulars		Provident Fund Plan	
		As at March 31, 2024	As at March 31, 2023
A)	Present value of defined benefit obligations		
	– Wholly funded	14.73	15.45
	– Wholly unfunded	–	–
		14.73	15.45
	Assets acquired on acquisition	–	–
	Less: Fair value of plan assets	(15.40)	(15.80)
	Amount to be recognised as liability or (assets)	(0.67)	(0.35)
B)	Amount reflected in Balance sheet		
	Liabilities	(0.67)	(0.35)
	Assets	–	–
	Net liability/(assets)	**(0.67)**	**(0.35)**

(b) The amounts recognised in the Statement of Profit and Loss:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	–	–
Interest cost	1.15	1.20
Expected return on plan assets	(1.15)	(1.20)
Acturial gain/(losses)	(0.31)	(0.80)
Acturial losses/(gain) not recognised in books (limit in para 64(b) of Ind AS 19)	0.31	0.80
Total	**–**	**–**
Amount included in "Employee benefits expenses"	–	–
Amount included in as part of "Finance cost"	–	–
Amount included as part of "Other comprehensive income"	–	–
Total	**–**	**–**

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2024	Year ended March 31, 2023
Opening balance of the present value of defined benefit obligation	15.45	15.15
Add: Assets acquired on acquisition	–	–
Add: Current service cost	–	–
Add: Interest cost	1.15	1.20
Less: Benefits paid	(1.26)	(0.87)
Add: Contribution by the employer	–	–
Add: Liability assumed/(settled)	(0.61)	(0.03)
Closing balance of the present value of defined benefit obligation	**14.73**	**15.45**

Notes forming part of consolidated financial statements

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2024	Year ended March 31, 2023
Opening fair value of the plan assets	15.80	16.30
Add: Assets acquired on acquisition	–	–
Add: Interest income of plan assets	1.15	1.20
Add/(less): Acturial gains/(losses)	0.31	(0.80)
Add: Contribution by the employer	–	–
Add/(less): Contribution by plan participants	–	–
Less: Benefits paid	(1.26)	(0.87)
Add: Assets acquired/(settled)	(0.61)	(0.03)
Closing fair value of the plan assets	**15.39**	**15.80**

(e) The fair value of major categories of plan assets:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2024	Year ended March 31, 2023
Government of india securities	6.91	7.17
Corporate bonds	5.15	5.09
Special deposit scheme	0.33	0.46
Public sector unit bond	0.53	1.02
Others (unquoted)	2.47	2.06
Total	**15.39**	**15.80**

(f) Principal actuarial assumptions at the valuation date:

(₹ in crore)

Particulars	Provident Fund Plan	
	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate for the term of the obligation	7.18%	7.46%
Average historic yield on the investment portfolio	8.06%	8.35%
Discount rate for the remaining term to maturity of the investment portfolio	7.20%	7.40%
Future derived return on assets	8.04%	8.41%
Guaranteed rate of return	8.25%	8.15%

(i) **Discount rate:**

The discount rate is based on the prevailing market yields of Indian government securities as at the valuation date for the estimated term of the obligations. The government security yields for the relevant tenure of the obligations have been derived from the rates published by Financial Benchmarks India Pvt. Ltd. (FBIL).

(ii) **Average historic yield on the investment portfolio:**

The average rate of return earned on the investment portfolio of provident fund in the previous three years.

(iii) **Expected investment return:**

Expected investment return is determined by adding the yield spread to the discount rate for a term of the obligation, where yield spread is the difference between the average historic yield on the investment portfolio & discount rate for the remaining term to maturity of the investment portfolio.

(iv) **Guaranteed rate of return:**

The Regional Provident Fund Commissioner has not yet declared the interest rate for its own subscribers for the current financial year 2023-24.

However, in view of the fall in equity values as at 31 March 2024 and fall in the returns on fixed income instruments, we are of the view that going forward the future guaranteed rate is unlikely to be in excess of 8.25% p.a. Accordingly, in consultation with the Company, for the purposes of this valuation we have assumed a future guaranteed rate of return of 8.25% p.a.

(g) Characteristics of defined benefit plans

(a) Gratuity plan

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable compared to the obligation under the Payment of Gratuity Act, 1972.

(b) Provident fund plan

One of the subsidiary's provident fund scheme are defined contribution plan for its employees and for a certain categories of employees made to a trust viz. The Larsen & Toubro Officers & Supervisory Staff Provident Fund constituted by the ultimate parent company, which is permitted under The employee's Provident Funds and Miscellaneous Provisions Act, 1952. The Contribution by the employer and employee together with interest accumulated there on are payable to the employee at the time of separation from company or retirement whichever is earlier. The benefit vets immediately on rendering of services by the employee.

38 Disclosure pursuant to Ind AS 108 "Operating Segment"

(a) The Group is engaged primarily in the business of financing and accordingly, there are no separate reportable segments as per Ind AS 108 "Operating Segments".

(b) Geographical Information

The Group operates primarily within India and therefore there is no separate reportable geographic segment.

(c) Revenue contributed by any single customer in any of the operating segments, whether reportable or otherwise, does not exceed ten percent of the group's total revenue.

Notes forming part of consolidated financial statements

39 Disclosure pursuant to Ind AS 24 " Related Party Disclosures"

(a) List of related parties (with whom transactions were carried out during current or previous year)

S. No	Particulars	Relationship
1	Larsen & Toubro Limited	Holding Company
2	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	Fellow Subsidiary Company
3	L&T Technology Services Limited	Fellow Subsidiary Company
4	Larsen & Toubro Electromech LLC	Fellow Subsidiary Company
5	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary Company
S. No	**Key management personnel**	
1	Mr. S. N. Subrahmanyan	Non-executive chairman
2	Mr. R. Shankar Raman	Non-executive director
3	Mr. Dinanath Dubhashi (upto January 23, 2024)	Managing Director and Chief Executive Officer
4	Mr. Dinanath Dubhashi (w.e.f. January 24, 2024)	Whole time director
5	Mr. Sudipta Roy (w.e.f. January 24, 2024)	Managing Director and Chief Executive Officer
6	Mr. S. V. Haribhakti	Independent director
7	Dr. R Seetharaman (w.e.f. January 23, 2024)	Independent director
8	Dr. Rajani R Gupte	Independent director
9	Mr. P. V. Bhide	Independent director
10	Mr. Thomas Mathew T.	Independent director
11	Ms. Nishi Vasudeva (w.e.f. March 15, 2024)	Independent director
12	Mr. Prabhakar B. (upto July 11, 2022)	Non-executive director
13	Mr. Pavninder Singh	Nominee director

(b) Disclosure of related party transactions :

(₹ in crore)

S. No	Nature of transaction*	Year ended March 31, 2024	Year ended March 31, 2023
1	**Brand license fees to**		
	Larsen & Toubro Limited	119.99	21.44
2	**Reimbursement of expenses paid to / (recovered from)**		
	Larsen & Toubro Limited (net)	1.53	(0.86)
3	**Interest expense on inter-corporate borrowing / NCD**		
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	7.51	5.80
	Larsen & Toubro Limited	43.23	71.23
	L&T Technology Services Limited	1.62	7.97
4	**Professional fees to**		
	Larsen & Toubro Limited	7.09	5.65
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	16.68	1.78
5	**Purchase of consumables / materials from**		
	Larsen & Toubro Limited	0.11	1.91

* Transactions shown above are excluding of GST, if any.

Notes forming part of consolidated financial statements

(c) Remuneration to key management personnel ***

(₹ in crore)

		FY 2023-24		FY 2022-23	
S. No.	Name of key management personnel	Short-Term employee benefits	Other Long term benefits	Short-Term employee benefits	Other Long term benefits
1	Mr. Dinanath Dubhashi	26.34	–	13.03	–
2	Mr. S. V. Haribhakti	0.42	–	0.40	–
3	Mr. Prabhakar B.	–	–	0.06	–
4	Dr. Rajani R. Gupte	0.51	–	0.56	–
5	Mr. P. V. Bhide	0.56	–	0.57	–
6	Mr. Thomas Mathew T.	0.67	–	0.68	–
7	Ms. Nishi Vasudeva	0.34	–	0.54	–
8	Mr. Pavninder Singh	0.26	–	0.19	–
9	Dr. R. Seetharaman	0.04	–	–	–
10	Mr. Sudipta Roy	0.73	–	–	–

*** Key management remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the Company as a whole.

(d) Amount due to/from related parties:

(₹ in crore)

S. No.	Nature of transactions	As at March 31, 2024	As at March 31, 2023
1	**Non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	310.38	955.38
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	124.50	69.60
	L&T Technology Services Limited	25.00	25.00
2	**Interest accrued on non convertible debenture (borrowings)**		
	Larsen & Toubro Limited	18.07	38.78
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	5.87	2.43
	L&T Technology Services Limited	0.10	0.10
3	**Trade and other payable**		
	Larsen & Toubro Electromech LLC	0.01	0.01
	Larsen & Toubro Limited	119.73	23.35
	L&T Hydrocarbon Engineering Limited	0.02	0.02
	LTIMindtree Limited (formerly known as Larsen & Toubro Infotech Limited)	13.71	0.10
4	**Trade and other receivable**		
	Larsen & Toubro Limited	1.54	2.81

Notes forming part of consolidated financial statements

40 Disclosures pursuant to Indian Accounting Standards (Ind AS) 116 - Leases

I) Group as lessee

a) Operating lease

1 Rights to use assets:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	55.17	31.23
Add: Additions during the year	15.19	39.68
Less: Depreciation during the year	(13.62)	(13.89)
Less: Right of use asset derecognised	(1.89)	(1.85)
Closing balance	**54.85**	**55.17**

2 Lease liability:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	61.45	35.53
Add: Additions during the year	15.19	39.68
Add: Interest accrued during the year	4.43	2.82
Less: Interest paid during the year	(4.43)	(2.82)
Less: Sale off	(2.17)	–
Less: Principal repayment during the year	(11.89)	(13.76)
Closing balance	**62.58**	**61.45**

3 Low value leases/short term leases

Expenses recognised (₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
– Low value assets (net)	4.52	4.94
– Short term leases	40.88	19.80

Actual cashflow (₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
– Low value assets	4.52	4.94
– Short term leases	40.88	19.80

b) Finance Lease : Not applicable

II) Group as Lessor

a) Finance Lease

i) The Group has given on finance leases certain items of plant and equipment. The leases have a primary period that is fixed and noncancellable and a secondary period. There are no exceptional/ restrictive covenants in the lease agreement. There are no significant risks associated with rights that the Group retains in underlying assets.

ii) Maturity analysis of minimum undiscounted lease receivables and the present value of minimum lease payments receivable is as under:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Receivable not later than 1 year	–	0.01
Receivable later than 1 year but not later than 2 year	–	–
Receivable later than 2 year but not later than 3 year	–	–
Receivable later than 3 year but not later than 4 year	–	–
Receivable later than 4 year but not later than 5 year	–	–
Receivable later than 5 years	–	–
Gross investment in lease	**–**	**0.01**
Less: Unearned finance income*	–	0.00*
Present value of minimum lease payment receivable	**–**	**0.01**

*Amount less than ₹ 50,000

iii) Finance lease income on net investment in lease recognised in statement of Profit & loss during the financial year 2023-24 is Nil and for 2022-23 : ₹ 0.15 crores.

iv) Finance lease income relating to variable lease payments not depending on index/rate - NIL

v) Changes in carrying amount of net investment in finance lease

(₹ in crore)

Particulars	Current	Non Current	Total
Opening value of lease receivables as on April 1, 2022	4.85	0.01	4.86
Add: Finance lease income recognised in the statement of Profit and Loss	0.15	–	0.15
Less: Lease rental received (cash payment)	(5.00)	–	(5.00)
Add/Less: Change on account of any other factors	0.01	(0.01)	–
Closing value of lease receivables as on March 31, 2023	**0.01**	**–**	**0.01**
Add: Finance lease income recognised in the statement of Profit and Loss	–	–	–
Less: Lease rental received (cash payment)	(0.01)	–	(0.01)
Add/Less: Change on account of any other factors	–	–	–
Closing value of lease receivables as on March 31, 2024	**–**	**–**	**–**

Notes forming part of consolidated financial statements

b) Operating lease :

i) The Group has given certain assets under operating lease. There are no significant risks associated with rights that the Group retains in underlying assets. Leases are renewed only on mutual consent and at a prevalent market price.

ii) Maturity analysis of undiscontinued lease receivables:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Receivable not later than 1 year	–	–
Receivable later than 1 year but not later than 2 year	–	–
Receivable later than 2 year but not later than 3 year	–	–
Receivable later than 3 year but not later than 4 year	–	–
Receivable later than 4 year but not later than 5 year	–	–
Receivable later than 5 years	–	–
Total	**–**	**–**

iii) Lease income recognised in Profit & Loss account (Other than variable lease payment) is Nil (Previous year ₹ 0.07 crores)

iv) Lease income relating to variable lease payments not depending on index/rate : Nil

41 Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share'':

(₹ in crore)

Particulars		For the year ended March 31, 2024	For the year ended March 31, 2023
Basic			
Profit after tax attributable to the owners of the Company (₹ in crore)	A	2,320.10	1,623.25
Weighted average number of equity shares outstanding	B	2,48,43,28,659	2,47,68,83,662
Basic earning per share	A/B	9.34	6.56
Diluted			
Profit after tax attributable to the owners of the Company (₹ in crore)	A	2,320.10	1,623.25
Weighted average number of equity shares outstanding	B	2,48,43,28,659	2,47,68,83,662
Add: Weighted average number of potential equity shares on account of employee stock options	C	99,47,132	83,44,407
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,49,42,75,791	2,48,52,28,068
Diluted earning per share	A/D	9.30	6.54
Face value of shares (₹)		**10.00**	**10.00**

Notes forming part of consolidated financial statements

42 Disclosure pursuant to Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations":

(a) The operating profit upto the date of divestment and the gain on divestment have been shown below:

(₹ in crore)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Revenue from operations (including other income)	–	231.02
(ii) Total expenses	–	131.64
(iii) Profit before tax (i)–(ii)	–	99.38
(iv) Tax expense	–	25.62
(v) Profit after tax (iii)–(iv)	–	73.76
(vi) Gain on disposal of discontinued operations	–	2,639.96
(vii) Tax on above	–	448.35
(viii) Gain on disposal of discontinued operations (net of tax) (vi–vii)	–	2,191.61
(ix) Profit after tax from discontinued operations (v+viii)	–	2,265.37
(x) Other comprehensive income	–	0.71
(xi) Total comprehensive income (v+viii+x)	–	2,266.08

(b) The Group has following non-current assets/disposal group recognised as held for sale:

(₹ in crore)

Assets/Disposal Group	Reportable segment	
	As at March 31, 2024	As at March 31, 2023
Non-current Assets (L&T Investment Management Limited)	Not applicable	Not applicable

(c) Major classes of assets and liabilities of discontinued operation transferred:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Group(s) of assets classified as held for sale:		
Cash and cash equivalents	–	18.18
Investments	–	81.17
Other financial assets	–	0.30
Current tax assets (net)	–	16.84
Property, plant and equipment	–	0.29
Goodwill	–	623.31
Other intangible assets	–	1.19
Deferred tax assets	–	3.80
Other non–financial assets	–	0.30
Total	**–**	**745.38**
Liabilities associated with group(s) classified as held for sale:		
Trade payable	–	4.56
Other non–financial liabilities	–	13.55
Total	**–**	**18.11**
Carrying amount of net assets sold	**–**	**727.27**

Notes forming part of consolidated financial statements

(d) Summarised statement of cash flows of discontinued operation :

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net cash flows from operating activities	–	48.95
Net cash flows from investing activities	–	478.37
Net cash flows from financing activities	–	(512.46)

(e) The Group has concluded the sale of 100% stake in L&T Investment Management Limited ("LTIM") to HSBC Asset Management (India) Private Limited on November 25, 2022. As required by Ind-AS 105, gain of ₹ 2,608.38 crore on sale of 100% stake in LTIM and operating profits upto the closing date has been presented in the aforesaid financial results as profits from discontinued operations.

43 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

(₹ in crore)

S.No	Particulars	2023–24	2022–23
	Consolidated statement of Profit and Loss:		
(a)	Profit and Loss section:		
	(i) Current income tax :		
	(A) Current income tax expense	715.69	626.32
	(B) Tax expense of discontinued operations	–	482.02
		715.69	1,108.34
	(ii) Deferred Tax:		
	(A) Tax expense on origination and reversal of temporary differences	(3.79)	(453.95)
	(B) Tax expense of discontinued operations	–	(8.05)
		(3.79)	(462.00)
	Income tax expense reported in the consolidated statement of profit or loss[(i)+(ii)]	**711.90**	**646.34**
(b)	**Other Comprehensive Income (OCI) Section:**		
	(i) Items not to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On re–measurement of defined benefit plans	1.17	(0.35)
		1.17	(0.35)
	(ii) Items to be reclassified to profit or loss in subsequent periods:		
	(A) Current tax expense/(income):	–	–
	(B) Deferred tax expense/(income):		
	(a) On Mark–to–Market (MTM) of cash flow hedges	–	20.82
	(b) On gain/(loss) on fair value of debt securities	(2.07)	(0.67)
		(2.07)	20.15
	Income tax expense reported in the other comprehensive income [(i)+(ii)]	**(0.90)**	**19.80**
(c)	**Balance sheet:**		
	Current income tax	(9.16)	(19.16)
	Deferred tax	9.16	19.16
	Income tax expense reported in balance sheet	**–**	**–**

(b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

(₹ in crore)

S.No	Particulars		2023–24	2022–23
(a)	**Profit before tax**		3,029.03	2,182.82
(b)	Corporate tax rate as per Income tax Act, 1961		25.17%	25.17%
(c)	Tax on accounting profit	(c)=(a)*(b)	762.35	549.37
(d)	(i) Tax on Income exempt/deductible from tax :			
	(A) Exempt income		(21.86)	(32.62)
	(B) Deduction under Section 80JJAA		–	(5.51)
	(ii) Tax on Income which are taxed at different rates		–	(187.93)
	(iii) Tax on expense not tax deductible :			
	(A) Corporate social responsibility (CSR) expenses		0.89	5.78
	(B) Provision for dimunition of investments		(112.23)	180.11
	(C) Other disallowances		1.40	12.08
	(iv) Impact of consolidation adjustments		(2.91)	124.55
	(v) Tax effect of losses/timing differences of current year on which no deferred tax benefit is recognised		84.18	0.07
	(vi) Tax effect on various other Items		0.08	0.44
	(vii) Total effect of tax adjustments [(i) to (vi)]		(50.45)	96.97
(e)	Tax expense (before tax impact due to amendment in tax regulations) (e)=(c)–(d)		711.90	646.34
(f)	Effective tax rate (before tax impact due to amendment in tax regulations) (f)=(e)/(a)		23.50%	29.61%
(g)	**Tax expense recognised during the year (g)=(f)+(e)**		**711.90**	**646.34**
(h)	**Effective tax Rate (h)=(g)/(a)**		**23.50%**	**29.61%**

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet:

(₹ in crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	(₹ in crore)	Expiry year	(₹ in crore)	Expiry year
Tax losses (business loss and unabsorbed depreciation)				
- Amount of losses having expiry	–		55.47	Upto AY2031–32
- Amount of losses having no expiry	–		–	
Tax losses (capital loss)	266.38	Upto AY2032–33	–	
Unused tax credits [Minimum Alternate Tax (MAT) credit not recognised]	–		–	
Total	**266.38**		**55.47**	

Notes forming part of consolidated financial statements

(ii) Unrecognised deductible temporary differences for which no deferred tax asset is recognised in Balance Sheet:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Towards provision for diminution in value of investments and other impairments	704.06	1,146.90
Other items	53.60	–
Total	**757.66**	**1,146.90**

(d) Major components of deferred tax assets and deferred tax liabilities: (₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2023	Charge/ (credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/ (credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2024
Deferred tax assets:					
Expected credit loss provision on loans	1,435.41	(384.72)	–	–	1,050.69
Fair value of investments*	282.00	335.74	–	–	617.74
Carried forward tax losses	0.39	(0.39)	–	–	–
Unutilised MAT credit	19.77	–	(5.26)	–	14.51
Other items giving rise to temporary differences	70.46	35.46	(3.90)	0.90	102.92
Deferred tax assets	**1,808.03**	**(13.91)**	**(9.16)**	**0.90**	**1,785.86**
Offsetting of deferred tax assets with deferred tax liabilities	53.06	–	–	–	71.13
Net deferred tax assets	**1,861.09**	**(13.91)**	**(9.16)**	**0.90**	**1,856.99**

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2023	Charge/ (credit) to Statement of Profit and Loss	Recognised through Balance Sheet	Charge/ (credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2024
Deferred tax liabilities:					
Difference between book base and tax base of property, plant and equipement, investment property and intangible assets	54.40	(6.98)	–	–	47.42
Interest income recognised on Stage 3 Loans	0.01	(0.01)	–	–	–
Other items giving rise to temporary differences	(24.69)	24.69	–	–	–
Deferred tax liabilities	**29.72**	**17.70**	**–**	**–**	**47.42**
Offsetting of deferred tax liabilities with deferred tax assets	(53.06)	–	–	–	(71.13)
Net deferred tax liabilities	**(23.34)**	**17.70**	**–**	**–**	**(23.71)**
Net deferred tax assets/(liabilities)	**1,837.75**	**3.79**	**(9.16)**	**0.90**	**1,833.28**

*internal regrouped / saperately shown during the year

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2022	Charge/ (credit) to Statement of Profit and Loss*	Recognised through Balance Sheet	Charge/ (credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2023
Deferred tax assets:					
Expected credit loss provision on loans	1,083.45	351.96	–	–	1,435.41
Amortisation of fee income	3.66	(3.66)	–	–	–
Fair value of investments	169.30	112.70	–	–	282.00
Carried forward tax losses	0.05	0.34	–	–	0.39
Unutilised MAT credit	35.04	–	(15.27)	–	19.77
Other items giving rise to temporary differences	85.00	4.80	0.47	(19.81)	70.46
Deferred tax assets	**1,376.50**	**466.14**	**(14.80)**	**(19.81)**	**1,808.03**
Offsetting of deferred tax assets with deferred tax liabilities	83.45	–	–	–	53.06
Net deferred tax assets	**1,459.95**	**466.14**	**(14.80)**	**(19.81)**	**1,861.09**

(₹ in crore)

Particulars	Deferred tax assets / (liabilities) as at April 1, 2022	Charge/ (credit) to Statement of Profit and Loss*	Recognised through Balance Sheet	Charge/ (credit) to other comprehensive income	Deferred tax assets / (liabilities) as at March 31, 2023
Deferred tax liabilities:					
Difference between book base and tax base of property, plant and equipement, investment property and intangible assets	65.18	(2.62)	(8.16)	–	54.40
Interest income recognised on Stage 3 Loans	(22.10)	22.11	–	–	0.01
Unamortised borrowing cost	(1.06)	1.06	–	–	–
Other items giving rise to temporary differences	–	(24.69)	–	–	(24.69)
Deferred tax liabilities	**42.02**	**(4.14)**	**(8.16)**	**–**	**29.72**
Offsetting of deferred tax liabilities with deferred tax assets	(83.45)	–	–	–	(53.06)
Net deferred tax liabilities	**(41.43)**	**(4.14)**	**(8.16)**	**–**	**(23.34)**
Net deferred tax assets/(liabilities)	**1,418.52**	**462.00**	**(22.96)**	**(19.81)**	**1,837.75**

* includes ₹ 8.05 crore pertaining to discontinued operations (Refer note 42).

Notes forming part of consolidated financial statements

44 Contingent liabilities and commitments

(₹ in crore)

	Particulars	As at March 31, 2024	As at March 31, 2023
	Contingent liabilities		
1	Claims against the group not acknowledged as debt: *		
	(i) Income tax matter in dispute	11.07	11.12
	(ii) Service tax/Sales tax/VAT matters in dispute	466.71	528.59
	(iii) Legal matters in dispute	1.82	1.67
2	Bank guarantees	56.00	6.00
3	Other money for which the Group is contingently liable; letter of credit/letter of comfort	–	260.05
	Total (a)	**535.60**	**807.43**
	Commitments		
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	30.10	25.06
2	Other Undrawn/Undisbursed commitments (standby facilities)	972.34	847.52
	Total (b)	**1,002.44**	**872.58**
	Total (c)=(a)+(b)	**1,538.04**	**1,680.01**

All figures reported above are excluding GST.

* In respect of disputes, the company is of view of succeeding in appeals and does not expect any significant liabilities to materialise.

The Group has assessed its obligations arising in the normal course of business, proceedings pending with tax authorities and other contracts including derivative and long term contracts wherever applicable. In accordance with the provisions of Indian Accounting Standard (Ind AS) - 37 on 'Provisions, Contingent Liabilities and Contingent Assets', the Group recognises a provision for material foreseeable losses when it has a present obligation as a result of a past event 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. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made as contingent liabilities in the financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

45 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

(a) Foreign currency risk :

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Liability – External commercial borrowings	USD 25,00,00,000	USD 12,50,00,000
Assets – Currency swap contracts	USD 25,00,00,000	USD 12,50,00,000

(b) Interest rate risk :

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Variable rate borrowings	17,962.56	20,527.59
Fixed rate borrowings	57,201.53	61,276.22
	75,164.09	**81,803.81**

*Excluding interest accrued and amortisation

As at the end of the reporting period, the Group had the following variable rate borrowings outstanding:

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Weighted average interest rate	Balance	% of total borrowing	Weighted average interest rate	Balance	% of total borrowing
Variable rate borrowings*	7.68%	17,962.56	23.90%	6.98%	20,527.59	25.09%
Net exposure to cash flow interest rate risk	**7.68%**	**17,962.56**	**23.90%**	**6.98%**	**20,527.59**	**25.09%**

*Excluding interest accrued and amortisation

(c) Sensitivity :

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

(₹ in crore)

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Interest rates – increase by 25 basis points *	(35.45)	(41.35)	(35.45)	(41.35)
Interest rates – decrease by 25 basis points*	35.45	41.35	35.45	41.35

* Impact on P/L upto 1 year, holding all other variables constant.

46 Disclosure pursuant to Ind AS 1 and Ind AS 107 "Maturity analysis of assets and liabilities"

(₹ in crore)

S. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	ASSETS:						
(1)	**Financial assets**						
(a)	Cash and cash equivalents	3,593.35	–	3,593.35	9,108.68	–	9,108.68

Notes forming part of consolidated financial statements

(₹ in crore)

S. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(b)	Bank balance other than (a) above	876.04	206.63	1,082.67	3,640.19	0.04	3,640.23
(c)	Derivative financial instruments	182.16	3.38	185.54	0.77	173.68	174.45
(d)	Receivables						
	(I) Trade receivables	247.28	–	247.28	5.88	–	5.88
	(II) Other receivables	3.22	–	3.22	137.09	–	137.09
(e)	Loans	34,347.22	47,012.17	81,359.39	39,834.84	35,319.71	75,154.55
(f)	Investments	4,903.88	7,481.01	12,384.89	7,541.29	6,824.91	14,366.20
(g)	Other financial assets	631.46	0.65	632.11	89.49	0.81	90.30
(2)	**Non–financial assets**						
(a)	Current tax asset (net)	–	291.67	291.67	–	677.28	677.28
(b)	Deferred tax assets (net)	–	1,856.99	1,856.99	–	1,861.09	1,861.09
(c)	Property, plant and equipment	–	354.97	354.97	–	368.58	368.58
(d)	Intangible assets under development	–	35.62	35.62	0.09	4.72	4.81
(e)	Goodwill on consolidation	–	13.40	13.40	–	13.40	13.40
(f)	Other intangible assets	–	96.13	96.13	–	115.37	115.37
(g)	Right of use asset	–	54.85	54.85	–	55.17	55.17
(h)	Other non–financial assets	77.24	448.23	525.47	67.91	521.15	589.06
	Total Assets	**44,861.85**	**57,855.70**	**1,02,717.55**	**60,426.23**	**45,935.91**	**1,06,362.14**
	LIABILITIES						
(1)	**Financial Liabilities***						
(a)	Trade payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	0.15	–	0.15
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,221.85	–	1,221.85	806.24	–	806.24
(b)	Other payables						
	(i) Total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	–	–	–	–
(c)	Debt securities	11,033.83	18,535.62	29,569.45	15,307.14	20,798.24	36,105.38
(d)	Borrowings (other than debt securities)	31,673.34	12,757.13	44,430.47	26,746.62	17,392.97	44,139.59
(e)	Subordinated liabilities	804.95	1,736.00	2,540.95	374.13	2,424.35	2,798.48
(f)	Lease liability	13.28	49.30	62.58	12.48	48.97	61.45
(g)	Other financial liabilities	1,032.02	21.41	1,053.43	525.97	18.27	544.24

(₹ in crore)

S. No.	Particulars	As at March 31, 2024			As at March 31, 2023		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(2)	**Non–Financial Liabilities**						
(a)	Current tax liability (net)	179.24	–	179.24	176.20	–	176.20
(b)	Provisions	10.13	24.61	34.74	32.21	0.49	32.70
(c)	Deferred tax liabilities (net)	23.37	0.34	23.71	23.33	0.01	23.34
(d)	Other non–financial liabilities	73.14	–	73.14	56.56	–	56.56
	Total liabilities	**46,065.14**	**33,124.42**	**79,189.56**	**44,061.03**	**40,683.30**	**84,744.33**

*excluding non controlling interest

47 Risk Management:

Basis

Great importance is attached to the identification, measurement and control of risks. All employees of the Group are responsible for the management of risk, with the ultimate accountability residing with the Board of Directors. The Board of Directors and its Risk Management Committee ensure that Management takes into consideration all the relevant risk factors which could lead to unexpected fluctuations in results or to a loss of capital employed. Recommendations for risk control measures are derived from the evaluation of the risk factors. Certain risks are also recognised as opportunities. The aim in such cases is to achieve an appropriate balance between the possible losses which might result and the potential gains. Risks which primarily represent loss potential are minimised. This helps in aligning the risk appetite to the Group's strategy to deliver sustainable, long term returns to its investors. The risks are reviewed periodically every quarter.

Types of risk

As a lending non-banking financial Group, the most important risks it is faced with are the following:

- Credit risk
- Market risk
- Capital risk

Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers or counterparties fail to fulfil their contractual obligations to the Group.

Credit risk arises mainly from retail and wholesale loans and advances and loan commitments arising from such lending activities; but could also arise from credit enhancement provided, such as financial guarantees and letters of credit. The Group is also exposed to other credit risks arising from investments in debt securities and exposures arising from its trading activities ("Trading Exposures") as well as settlement balances with market counterparties.

Credit risk is the single largest risk for the Group's business. Management therefore carefully manages its exposure to credit risk. A centralised risk management function oversees the risk management framework, and an overview of credit risk of portfolio is periodically presented to the Risk Management Committee.

Credit-worthiness is assessed prior to signing any contracts, based on underwriting process including employing market information. Management endeavours to improve its underwriting standards to reduce the credit risk the Group is exposed to from time to time.

Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. Wholesale and retail portfolios are managed separately to reflect the differing nature of the business strategy. As the Company is completely existing the wholesale business by way of sell down, the wholesale portfolio is classified as Fair Value through Profit and Loss Account ("FVTPL") and valued accordingly as per Ind AS 109. As regards the retail portfolio, the same is classified as amortized cost as per Ind AS 109 and assessed accordingly. The assessment of credit risk of the retail portfolio entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk for each class of loan assets using inputs such as Probability of Default (PD) and Loss Given Default (LGD). PD and LGD are ascertained Ind AS 109 culminating in Expected Credit Loss ("ECL"). As regards the retail portfolio, the same is classified as amortized cost as per Ind AS 109 and assessed accordingly. The assessment of credit risk of the retail portfolio entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Company measures credit risk for each class of loan assets using inputs such as Probability of Default ("PD") and Loss Given Default ("LGD"). PD and LGD are ascertained as per Ind AS 109.

Retail business (Rural and Urban Finance)

The Group has deployed standardised credit decision rules, as approved by the designated officials for the specific product. The rules are regularly monitored to ensure that the learnings from the portfolio performance and changes in the economic environment have been factored into the credit decision rules.

Trading exposures

For debt securities in the trading portfolio, external rating agency credit grades are used for evaluating the credit risk.

Expected credit loss ('ECL')

The Group prepares its financial statements in accordance with the IND AS framework. As per the RBI notification, on acceptance of IND AS for regulatory reporting, the Group computes provision as per IND AS 109 as well as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP). Where impairment allowance in aggregate for the Company under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning) for the Company, the difference is appropriated from net profit or loss after tax, to a separate 'Impairment Reserve'. Any withdrawals from this reserve shall be done only with prior permission from the RBI.

ECL allowances recognised in the financial statements also reflect the effect of a range of possible economic outcomes, calculated on a probability weighted basis, based on certain economic scenarios. The recognition and measurement of ECL involves use of significant judgment and estimation. Forward looking economic forecasts are used in developing the ECL estimates. Multi variable regression framework is used to establish a linkage between company's default rates and various macroeconomic variables like unemployment rate, GDP, inflation, domestic credit investment, farm reservoir levels amongst others. Three scenarios sufficient to calculate unbiased ECL are used - representing the "most likely outcome" (the "Central" scenario) and two "less likely outcome" scenarios (the "Upside" and "Downside" scenarios). Probability weights have been assigned to each scenario based on Company's outlook of the economic forecasts.

Management oversees the estimation of ECL including:

(i) setting requirements in policy, including key assumptions and the application of key judgements

(ii) the design and execution of models; and

(iii) review of ECL results.

As required by Ind AS 109, a 'three-stage' model for impairment based on changes in credit quality since initial recognition was built as summarised below:

- A loan asset that is not credit-impaired, on initial recognition, is classified in 'Stage 1' and has its credit risk continuously monitored by Management.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the loan asset is moved to 'Stage 2' but is not yet deemed to be credit impaired. (See note 1.10 for a description of how the Group determines when a significant increase in credit risk has occurred).
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. (See note 1.10 for a description of how the Group defines credit-impaired and default).

The following are additional considerations for each type of portfolio held by the Group:

Retail business (Rural and Urban Finance)

Retail lending credit quality is determined on a collective basis based on a 12-month point in time ("PIT") probability weighted PD for all loan asset that are not credit-impaired and for assets with SICR, lifetime probability weighted PIT PD is used. PD for credit impaired asset is 1 as the DPD is 90+.

A centralised impairment model summarises the historical payment behaviour of the borrowers within a retail portfolio which data is used to build the PD estimates. For estimating PD, information on days-past-due and month-on-book (vintage) (for certain products) form key differentiating characteristics. The weighted average is determined (using count of customers as the weight) from quarterly snapshots.

LGD is computed based on actual history of loss (on settlement/repossession and disposal of security/enforcement action) from the same historical quarterly snapshots. The loss divided by the principal outstanding at the time of default is the loss ratio for a credit impaired loan asset in a specific snapshot. The weighted average of loss ratios (using the principal outstanding in respect of such credit impaired loan assets in the corresponding snapshot as the weight) is used to determine the LGD ratio for credit impaired loan assets. The PD and LGD ratio were used to arrive at the ECL for all stages of loan assets.

Exposure at default (EAD)

EAD is the amortised cost as at the period end, after considering repayments of principal and interest received in advance, is any.

Notes forming part of consolidated financial statements

The Group's net exposure to credit risk, after taking into account credit risk mitigation, have been tabulated below:

(₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Outstanding	Cash collateral	Nature of Non-cash collateral	Outstanding	Cash collateral	Nature of Non-cash collateral
Financial assets						
Cash and cash equivalent and other bank balances	4,676.02	–		12,748.91	–	
Loans and advances at amortised cost	76,497.78	–	Refer note below	58,097.81	–	Refer note below
Trade receivables	247.28	–		5.88	–	
Other receivables	3.22	–		137.09	–	
Other financial assets	632.11	–		90.3	–	
Total financial assets at amortised cost	**82,056.41**	**–**		**71,079.99**	**–**	
Financial assets at fair value through profit or loss	14,394.35	–		28,673.33	–	
Total financial instruments at fair value through profit or loss	**14,394.35**	**–**		**28,673.33**	**–**	
Derivative financial instruments	185.54	–		173.68	–	
Financial instruments at fair value through OCI	2,852.15	–		2,750.38	–	
Total Financial instruments at fair value through OCI	**3037.69**	**–**		**2924.06**	**–**	
Total on–balance sheet	**99,488.45**	**–**		**1,02,677.38**	**–**	
Off balance sheet						
Contingent liabilities	535.6	–		807.43	–	
Other commitments	1,002.44	–		872.58	–	
Total off–balance sheet	**1,538.04**	**–**		**1,680.01**	**–**	
Total	**1,01,028.54**	**–**		**1,04,357.39**	**–**	

Footnote

a) Retail loans, other than unsecured loans aggregating ₹ 42,732.48 crore as of March 31, 2024, are generally secured by a charge on the asset financed (farm equipment loans, two-wheeler loans, home loans and loans against property) (as of March 31, 2023: ₹ 34,109.08 crore). If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions from the customer. It is a criminal offence in India to issue a bad cheque.

b) Wholesale loan assets are secured with current assets as well as immovable property and property, plant and equipment in some cases. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, as applicable, liquidate collateral and/or set off accounts. For most products, the Group obtains direct debit instructions from the customer. It is a criminal offence in India to issue a bad cheque.

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held with banks, settlement balances, and debt securities issued by governments all of which are considered to be lower risk. Besides growth in the loan assets portfolio, increases in trading portfolio assets and financial assets at fair value through the Statement of Profit and Loss have also contributed to the increase in the Group's net exposure to credit risk. Investments in debt instruments are predominantly investment grade. Where collateral has been obtained in the event of default, the Group does not, ordinarily, use such assets for its own operations and they are usually sold and off set against the outstanding loan assets.

The Group has invoked pledge of equity shares and Non-convertible debentures ("NCD") in the following companies, pledged with the Group as collateral by the borrowers and these shares are being held by the Group as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

S. No.	Name of Company	No. of shares held as bailee	
		As at March 31, 2024	As at March 31, 2023
1	Tata Steel Limited	47,92,720	47,92,720
2	Saumya Mining Limited	5,13,012	5,13,012
3	Punj Lloyd Limited	5	5
4	GHCL Limited	70,000	70,000
5	Golden Tobacco Limited	10,000	10,000
6	Hindvusthan National Glass & Industries Limited	15,00,716	15,00,716
7	Sterling International Enterprises Limited	2,17,309	2,17,309
8	Tulip Telecom Limited	14,01,762	14,01,762
9	Hanjer Biotech Energies Private Limited	3,25,096	3,25,096
10	VMC Systems Limited	7,17,736	7,17,736
11	KSK Energy Ventures Limited	3,08,446	3,08,446
12	Soma Enterprises Limited	1,500	24,47,655
13	Future Retail Limited	–	56,18,102
14	Avantha Holdings Limited	4,500	4,500
15	Valdel Projects Corporation Private Limited	1,532	1,532
16	Diamond Power Infrastructure Limited	3,000	3,000
17	KSK Mineral Resources Private Limited	34,22,910	34,22,910
18	Su Toll Road Private Limited	7,912	–
19	Almond Infrabuild Private Limited	1,20,08,100	–
20	Ghcl Textiles Limited	70	–
21	Bhoruka Power Corporation Ltd	25,771	–
22	Dewas Bhopal Corridor Private Limited	17,000	–
23	Hazaribagh Ranchi Expressway Limited	1,000	–
24	Anand Divine Developers Private Limited	9,900	–

Concentration of exposure:

Concentrations of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in the same geographical areas or industry sectors so that their collective ability to meet contractual obligations is uniformly affected by changes in economic, political or other conditions. The Group has established a diversified borrower base as at March 31, 2023. The Group has put in place a framework of Risk Limits, which are monitored on a quarterly basis to ensure that the overall portfolio is steered within the approved limits to minimize concentration risk. The Risk Limits cover risk of concentration to a particular geography, industry, Company/borrower or revenue counterparty of the borrowers etc. as are relevant to the respective products.

Notes forming part of consolidated financial statements

Market risk management:

Liquidity risk:

The risk that the Group is unable to service its contractual or contingent liabilities or that it does not have the adequate amount of funding and liquidity to support its committed disbursements.

Liquidity risk management in the Company is managed as per the guidelines of Board-approved Asset-Liability Management ('ALM') Policy. The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Group's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets and also by setting up limits on relevant liquidity stock ratios. Actual liquidity gaps against the Gap Limits are reported every month to the Asset Liability Management Committee ('ALCO'). Given the current market scenario, the Company has been maintaining positive cumulative liquidity gaps for all the time-buckets upto 1 year as a prudent risk management practice.

The Group also periodically undertakes liquidity stress testing under various liquidity stress scenarios. It maintains liquidity buffer for survival period of 30 days in the forms of High Quality Liquid Assets under 1-in-10 liquidity stress scenario, wherein hair-cut of 40% on undrawn bank lines and collection shortfall of 15% is assumed. To effectively manage the fallout of the COVID-19 pandemic related RBI measures on its funding and liquidity, the Group has been continuously maintaining higher level of liquidity buffer as a safeguard against any likely disruption in the funding and market liquidity. Further the Company has defined a few Early Warning Indicators (EWI) and its thresholds as part of its Contingency Funding Plan (CFP) to help signal towards a potential evolving liquidity crisis and so as to enable appropriate steps to be taken in a timely manner. These EWIs are monitored on a regular basis.

Institutional set-up for liquidity risk management:

The Board of Directors of the Group has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Group is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Group. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision-making body for the asset-liability management of the Component from risk-return perspective and within the risk appetite and guard-rails/ limit approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/ limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/approval/ratification.

Foreign exchange rate risk:

In the normal course of its business, the Group does not deal in foreign exchange in a significant way. Any foreign exchange exposure on account of foreign exchange borrowings is fully hedged to safeguard against exchange rate risk.

Notes forming part of consolidated financial statements

Interest rate risk:

Interest rate risk is the risk where changes in market interest rates affect the Group's financial position due to change in its Net Interest Income (NII). To mitigate interest rate risk, ALM Policy of the Group stipulates Interest Rate Sensitive Gaps for all the time-buckets. Interest Rate Sensitivity Statement is prepared every month and placed before ALCO. The Statement captures the Rate Sensitive Gaps i.e. the mismatch between the Rate Sensitive Assets and Liabilities, in various time buckets.

Security prices:

The Group manages investment portfolios comprising government securities, corporate bonds and debentures. To safeguard against the credit risk and interest rate risk in the investment portfolios, risk limits in the form of portfolio size limits, concentration limits and mark to market (MTM) limit are stipulated. To provide early warning indicators, alarm limits have also been put in place. Reporting periodicity and escalation matrix upon the breach of alarm limits as well as risk limits have been clearly defined. The Group does not invest in Equity stocks and therefore is not exposure to equity price risk on this account.

48 Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures":

(a) Category-wise classification for applicable financial assets and financial liabilities:

(₹ in crore)

	Particulars	As at March 31, 2024				As at March 31, 2023			
		FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
	Financial assets		–						
1	Cash and cash equivalents	–	–	3,593.35	3,593.35	–	–	9,108.68	9,108.68
2	Bank balance other than (1) above	–	–	1,082.67	1,082.67	–	–	3,640.23	3,640.23
3	Derivative financial instruments	–	185.54	–	185.54	0.77	173.68	–	174.45
4	Receivables								
	Trade receivables	–	–	247.28	247.28	–	–	5.88	5.88
	Other receivable	–	–	3.22	3.22	–	–	137.09	137.09
5	Loans	4,861.61	–	76,497.78	81,359.39	17,056.74	–	58,097.81	75,154.55
6	Investments								
	Equity instruments	43.54	–	–	43.54	253.91	–	–	253.91
	Preference share	63.48	–	–	63.48	63.48	–	–	63.48
	Mutual funds	2,440.56	–	–	2,440.56	4,751.50	–	–	4,751.50
	Bonds and debentures	188.29	498.28	–	686.57	197.28	560.28	–	757.56
	Security receipts	6,769.50	–	–	6,769.50	6,321.05	–	–	6,321.05
	Units of fund	27.38	–	–	27.38	28.60	0.90	–	29.50
	Government securities	–	2,353.86	–	2,353.86	–	2,189.20	–	2,189.20
7	Other financial assets	–	–	632.11	632.11	–	–	90.30	90.30
	Total financial assets	**14,394.36**	**3,037.68**	**82,056.41**	**99,488.45**	**28,673.33**	**2,924.06**	**71,079.99**	**1,02,677.38**

Notes forming part of consolidated financial statements

(₹ in crore)

	Particulars	As at March 31, 2024				As at March 31, 2023			
		FVTPL	FVTOCI	Amortised cost	Total	FVTPL	FVTOCI	Amortised cost	Total
	Financial liabilities								
1	Trade payables	–	–	1,221.85	1,221.85	–	–	806.39	806.39
2	Other payables	–	–	–	–	–	–	–	–
3	Lease liabilities	–	–	62.58	62.58	–	–	61.45	61.45
4	Debt securities	–	–	29,569.45	29,569.45	–	–	36,105.38	36,105.38
5	Borrowings (other than debt securities)	–	–	44,430.47	44,430.47	–	–	44,139.59	44,139.59
6	Subordinated liabilities	–	–	2,540.95	2,540.95	–	–	2,798.48	2,798.48
7	Other financial liabilities	–	–	1,053.43	1,053.43	–	–	544.24	544.24
	Total financial liabilities	**–**	**–**	**78,878.73**	**78,878.73**	**–**	**–**	**84,455.53**	**84,455.53**

(b) Fair value hierarchy of financial assets and financial liabilities at fair value:

(₹ in crore)

	Particulars	As at March 31, 2024				As at March 31, 2023			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Financial assets:								
1	Investments at FVTPL:								
	Equity shares	16.14	–	27.40	43.54	40.32	–	213.59	253.91
	Preference shares	–	–	63.48	63.48	–	–	63.48	63.48
	Mutual fund	2,440.56	–	–	2,440.56	4,751.50	–	–	4,751.50
	Debentures	–	–	188.29	188.29	–	–	197.28	197.28
	Security receipts	–	–	6,769.50	6,769.50	–	–	6,321.05	6,321.05
	Units of fund	–	–	27.38	27.38	–	–	28.60	28.60
2	Derivative financial instruments	–	185.54	–	185.54	–	174.45	–	174.45
3	Loans	–	–	4,861.61	4,861.61	–	–	17,056.74	17,056.74
4	Investments at FVTOCI:								
	Bonds and debentures	–	498.28	–	498.28	–	560.28	–	560.28
	Government securities	–	2,353.86	–	2,353.86	–	2,189.20	–	2,189.20
	Units of fund	–	–	–	–	–	0.90	–	0.90
	Total financial assets	**2,456.70**	**3,037.68**	**11,937.66**	**17,432.04**	**4,791.82**	**2,924.83**	**23,880.74**	**31,597.39**
	Financial liabilities:	–	–	–	–	–	–	–	–
	Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

(c) Movement of items measured using unobservable inputs (Level 3):

(₹ in crore)

Particulars	Equity share	Preference share	Debentures	Security receipts	Units of fund	Loans	Total
Balance as at April 1, 2023	**213.59**	**63.48**	**197.28**	**6,321.05**	**28.60**	**17,056.74**	**23,880.74**
Addition during the year	–	–	113.84	2,504.10	–	2,025.85	4,643.79
Disposal during the year	(224.00)	–	(249.88)	724.39	(0.99)	(16,005.30)	17,204.56
Gain/(Loss) recognised in Profit or Loss	37.81	–	127.05	(1,331.26)	(0.23)	1,784.32	617.69
Balance as at March 31, 2024	**27.40**	**63.48**	**188.29**	**6,769.50**	**27.38**	**4,861.61**	**11,937.66**
Unrealised gains/(losses) recognised in profit and loss related to assets and liabilities held at the end of the reporting period							
As at March 31, 2024	**37.81**	**–**	**127.05**	**(1,331.26)**	**(0.23)**	**1,784.32**	**617.69**
As at March 31, 2023	(322.59)	–	(393.52)	(385.90)	11.66	(1,691.31)	(2,781.66)
Unrealised gains/(losses) recognised in Other Comprehensive Income related to assets and liabilities held at the end of the reporting period							
As at March 31, 2024	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at March 31, 2023	–	–	–	–	–	–	–

(d) Sensitivity disclosure for level 3 fair value measurements:

(₹ in crore)

Particulars	Fair value		Sensitivity	Impact of change in rates on total comprehensive income statement			
	As at March 31, 2024	As at March 31, 2023		31 March 2024	31 March 2024	31 March 2023	31 March 2023
				Favourable	Unfavourable	Favourable	Unfavourable
Equity share	27.40	213.59	5.00%	1.37	(1.37)	10.68	(10.68)
Preference share	63.48	63.48	5.00%	3.17	(3.17)	3.17	(3.17)
Debt instruments	188.29	197.28	0.25%	0.47	(0.47)	0.49	(0.49)
Security receipts	6,769.50	6,321.05	5.00%	338.48	(338.48)	316.05	(316.05)
Units of fund	27.38	28.60	5.00%	1.37	(1.37)	1.43	(1.43)
Loans	4,861.61	17,056.74	0.25%	12.15	(12.15)	42.64	(42.64)
Total	**11,937.66**	**23,880.74**		**357.01**	**(357.01)**	**374.46**	**(374.46)**

(e) Maturity profile of financial liabilities based on undiscounted cash flows: (₹ in crore)

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non–derivative liabilities						
Borrowings*	46,341.28	39,568.84	85,910.12	45,723.29	47,700.52	93,423.81
Trade and other payables	1,221.85	–	1,221.85	806.39	–	806.39
Lease liabilities	13.28	49.30	62.58	12.48	48.97	61.45
Other financial liabilities	1,032.27	21.16	1,053.43	525.97	18.27	544.24
Total	**48,608.68**	**39,639.30**	**88,247.98**	**47,068.13**	**47,767.76**	**94,835.89**
Derivative liabilities						
Forward contracts	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**

* Borrowings include debt securities, borrowings (other than debt securities)and subordinated liabilities and are net off offsetting respective derivative gain/loss.

Notes forming part of consolidated financial statements

(f) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in crore)

Particulars	As at March 31, 2024	As at March 31, 2023
Undrawn backup lines	10,961.69	6,930.97
Line of credit from Ultimate Holding Company	–	1,800.00

(g) Ind AS 107 - Financial Instruments: Disclosures - Carrying amount of collateral given

(₹ in crore)

Assets type	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents*	–	1,000.00
Bank Balances other than cash and cash equivalent	913.31	2,679.00
Investments	1,147.50	1,517.51
Loans	73,150.28	68,471.91
Total	**75,211.09**	**73,668.42**

The Company has identified certain fixed deposits with bank, amounting to ₹ 1,000 crore as at March 31, 2023 and the same is in the process of lien marking against the secured debt securities.

(h) Fair value of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Loans*	76,497.78	76,497.78	58,097.81	58,097.81
Total	**76,497.78**	**76,497.78**	**58,097.81**	**58,097.81**
Financial liabilities:				
Debt securities	29,569.45	29,417.13	36,105.38	35,551.99
Borrowings	44,430.47	43,974.56	44,139.59	43,441.40
Subordinated liabilities	2,540.95	2,517.19	2,798.48	2,764.84
Lease liabilities	62.58	62.58	61.45	61.45
Total	**76,603.45**	**75,971.46**	**83,104.90**	**81,819.68**

*In the absence of an observable market for these loan assets, the fair values have been determined from the perspective of the group after considering changes in performance and risk indicators (including delinquencies and interest rates)

The carrying amounts of cash & cash equivalents, bank balance, trade receivables, other receivables, other financial assets, trade payables, other payables and other financial liabilities are considered to be the same as their fair values, due to their short-term nature.

(i) Disclosure pursuant to Ind AS 113 "Fair Value Measurement" - Fair value hierarchy of financial assets and financial liabilities measured at amortised cost:

(₹ in crore)

As at March 31, 2024	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	76,497.78	76,497.78	Discounted cash flow approach
Total	**–**	**–**	**76,497.78**	**76,497.78**	
Financial liabilities:					
Debt securities	–	–	29,417.13	29,417.13	Discounted cash flow approach
Borrowings (other than government securities)	–	–	43,974.56	43,974.56	Discounted cash flow approach
Subordinated liabilities	–	–	2,517.19	2,517.19	Discounted cash flow approach
Lease liabilities	–	–	62.58	62.58	Discounted cash flow approach
Total	**–**	**–**	**75,971.46**	**75,971.46**	

(₹ in crore)

As at March 31, 2023	Level 1	Level 2	Level 3	Total	Valuation technique for level 3 items
Financial assets:					
Loans	–	–	58,097.81	58,097.81	Discounted cash flow approach
Total	**–**	**–**	**58,097.81**	**58,097.81**	
Financial liabilities:					
Debt securities	–	–	35,551.99	35,551.99	Discounted cash flow approach
Borrowings (other than government securities)	–	–	43,441.40	43,441.40	Discounted cash flow approach
Subordinated liabilities	–	–	2,764.84	2,764.84	Discounted cash flow approach
Lease liabilities	–	–	61.45	61.45	Discounted cash flow approach
Total	**–**	**–**	**81,819.68**	**81,819.68**	

(j) Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures"

There is no financial asset that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

49 Disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures:"

(a) Expected credit loss - loans: (₹ in crore)

Particulars		As at March 31, 2024			As at March 31, 2023		
		Gross carrying amount	**Expected Credit Loss**	**Carrying amount net of impairment provision**	**Gross carrying amount**	**Expected Credit Loss**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition (Stage 1)	75,295.93	1,323.87	73,972.06	56,530.86	1,177.27	55,353.59
Loss allowance measured at life-time expected credit losses	Financial assets for which credit risk has increased significantly and not credit-impaired (Stage 2)	2,468.78	422.03	2,046.75	2,656.72	366.04	2,290.68
	Financial assets for which credit risk has increased significantly and credit-impaired (Stage 3)	2,270.82	1,791.85	478.97	2,196.85	1,743.31	453.54
Total		**80,035.53**	**3,537.75**	**76,497.78**	**61,384.43**	**3,286.62**	**58,097.81**

Notes forming part of consolidated financial statements

(b) Reconciliation of loss allowance provision - Loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loss allowance as on April 1, 2022	**1,091.66**	**1,101.47**	**1,434.01**	**3,627.14**
New assets originated or purchased	1,088.16	61.16	111.58	1,260.90
Amount written off	–	–	(1,404.77)	(1,404.77)
Transfers to Stage 1	66.22	(46.71)	(19.51)	–
Transfers to Stage 2	(6.72)	16.20	(9.48)	–
Transfers to Stage 3	(21.29)	(315.79)	337.08	–
Impact on year end ECL of exposure transferred between stages during the year	(64.40)	67.57	1,365.66	1,368.83
Transfer to fair value through P&L on account of reclassification from amortised cost	(48.81)	(257.67)	(85.29)	(391.77)
Increase / (decrease) in provision on existing financial assets (net of recovery)	(927.55)	(260.19)	14.03	(1,173.71)
Loss allowance as on March 31, 2023	**1,177.27**	**366.04**	**1,743.31**	**3,286.62**
New assets originated or purchased	992.20	68.54	177.98	1,238.72
Amount written off	–	(13.37)	(947.49)	(960.86)
Transfers to Stage 1	25.53	(13.13)	(12.40)	–
Transfers to Stage 2	(6.24)	13.30	(7.06)	–
Transfers to Stage 3	(15.28)	(72.22)	87.50	–
Impact on year end ECL of exposure transferred between stages during the year	(25.17)	103.60	1,008.72	1,087.15
Increase / (decrease) in provision on existing financial assets (Net of recovery)	(824.44)	(30.73)	(258.71)	(1,113.88)
Loss allowance as on March 31, 2024	**1,323.87**	**422.03**	**1,791.85**	**3,537.75**

(c) Reconciliation of Gross carrying amount - loans:

(₹ in crore)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2022	**53,250.41**	**7,916.93**	**2,175.46**	**63,342.80**
New assets originated or purchased	43,748.63	592.84	143.86	44,485.33
Amount written off	–	–	(1,450.44)	(1,450.44)
Transfers to Stage 1	1,001.82	(956.21)	(45.61)	–
Transfers to Stage 2	(1,149.46)	1,171.90	(22.44)	–
Transfers to Stage 3	(712.65)	(1,425.83)	2,138.48	–
Transfer to fair value through P&L on account of reclassification from amortised cost	(15,730.10)	(2,716.55)	(333.58)	(18,780.23)
Net recovery	(23,877.79)	(1,926.36)	(408.88)	(26,213.03)
Gross carrying amount as at March 31, 2023	**56,530.86**	**2,656.72**	**2,196.85**	**61,384.43**
New assets originated or purchased	48,541.17	419.51	219.81	49,180.49
Amount written off	–	(67.51)	(947.49)	(1,015.00)
Transfers to Stage 1	131.42	(109.08)	(22.34)	–
Transfers to Stage 2	(899.06)	912.12	(13.06)	–
Transfers to Stage 3	(1,060.68)	(403.55)	1,464.23	–
Net recovery	(27,947.78)	(939.43)	(627.18)	(29,514.39)
Gross carrying amount as at March 31, 2024	**75,295.93**	**2,468.78**	**2,270.82**	**80,035.53**

Notes forming part of consolidated financial statements

50 Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2024

(₹ in crore)

Name of the entity		Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated OCI	Amount	As % of consolidated total comprehensive income	Amount
Parent									
L&T Finance Limited (Formerly known as L&T Finance Holdings Limited	(A)	98.96%	23,194.96	98.67%	2,286.23	99.84%	6.22	98.67%	2,292.45
Subsidiaries									
L&T Infra Investment Partners		0.85%	198.61	(0.32%)	(7.42)	-	-	(0.32%)	(7.42)
L&T Financial Consultants Limited		1.62%	379.85	1.09%	25.28	0.32%	0.02	1.09%	25.30
L&T Infra Investment Partners Advisory Private Limited		0.12%	28.83	0.16%	3.67	(0.16%)	(0.01)	0.16%	3.66
L&T infra Investment Partners Trustee Private Limited		0.00%	0.10	-	-	-	-	-	-
Mudit Cement Private Limited		0.00%	-	(0.01%)	(0.27)	-	-	(0.01%)	(0.27)
Total Subsidiaries	**(B)**		**607.39**		**21.26**		**0.01**		**21.27**
Non-controlling interests in subsidiaries	(C)	(0.38%)	(89.55)	(0.13%)	(2.97)	0.00%	-	(0.13%)	(2.97)
Consol adjustment and elimination	(D)	(1.17%)	(274.36)	0.54%	12.61	0.00%	-	0.54%	12.61
Total (A+B+C+D)		**100.00%**	**23,438.44**	**100.00%**	**2,317.13**	**100.00%**	**6.23**	**100.00%**	**2,323.36**

51 Disclosure pursuant to Ind AS 7 "Statement of Cash Flows" - Changes in liabilities arising from financing activities:

(₹ in crore)

Particulars	April 1, 2023	Cash flows	Others	March 31, 2024
Debt securities	36,105.38	(6,577.39)	41.46	29,569.45
Borrowings (other than debt securities)	44,139.59	265.99	24.89	44,430.47
Subordinated liabilities	2,798.48	(275.00)	17.47	2,540.95
Total	**83,043.45**	**(6,586.40)**	**83.82**	**76,540.87**

Notes forming part of consolidated financial statements

(₹ in crore)

Particulars	April 1, 2022	Cash flows	Others	March 31, 2023
Debt securities	42,194.10	(5,863.97)	(224.75)	36,105.38
Borrowings (other than debt securities)	39,323.81	4,981.11	(165.33)	44,139.59
Subordinated liabilities	3,683.32	(828.74)	(56.10)	2,798.48
Total	**85,201.23**	**(1,711.60)**	**(446.18)**	**83,043.45**

52 Relationship with Struck off Companies

Name of struck off Company	Nature of transactions with struck off Company	Balance Outstanding as at March 31, 2024 (₹ in crore)	Balance Outstanding as at March 31, 2023 (₹ in crore)	Relationship with the struck off Company
Victor Properties Private Limited	Shares held by struck off Company	–	0.00*	Equity Shareholder
Pegasus Mercantile Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Architectural Glass Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Kothari Intergroup Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Sanvi Fincare Consultancy Private Limited	Shares held by struck off Company	0.00*	0.00*	Equity Shareholder
Cheviot International Limited	Shares held by struck off Company	–	–	Equity Shareholder
Vitalink Wealth Advisory Services Private Limited	Shares held by struck off Company	–	0.00*	Equity Shareholder
Zenith Insurance Services Pvt Limited	Shares held by struck off Company	–	0.00*	Equity Shareholder
Fam Ensemble Facon Private Limited	Shares held by struck off Company	–	0.00*	Equity Shareholder
Unicon Fincap Private Limited	Shares held by struck off Company	0.01	–	Equity Shareholder
Shopforprop Realty Private Limited	Loans and Advances	2.52	–	Loans and Advances
Virtuoso Offshore It And Management Services Pvt Limited	Loans and Advances	0.64	–	Loans and Advances
Inmech Engineering Private Limited	Loan given to struck off Company	–	0.00*	Borrower

*Amount less than ₹ 50,000

Note : Previous year numbers are taken for struck off companies as on date.

53 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of amendments dated March 24, 2021 in Schedule III to the Companies Act 2013 with effect from April 01, 2021 :

1. There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period as applicable.
2. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year 2023-24.
3. There is no proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
4. The details is not applicable to the Group, releated to transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and shall also state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.
5. The Group is not declared wilful defaulter by any bank or financial Institution or other lender.
6. The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
7. The Group has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Group shall :

   (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

   (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

54 Exceptional items

As part of Lakshya 2026 strategy, the Group has decided to reduce its wholesale loan asset portfolio in the near term through accelerated sell down. Based on the change in business model, the wholesale loan assets previously measured at amortised cost have been reclassified and measured to fair value through profit and loss as on October 1, 2022. The one-time impact of such reclassification consequent to change in business model and fair valuation of the wholesale loan asset portfolio, amounting to ₹ 2,687.17 crore has been presented as “Exceptional items” in the consolidated statement of profit and loss for the year ended March 31, 2023.

Notes forming part of consolidated financial statements

55 Amalgamation of the erstwhile L&T Finance Limited, L&T Infra Credit Limited (Formerly known as L&T Infra Debt Fund Limited) and L&T Mutual Fund Trustee Limited with the Company

The Board of Directors of the Company had, in its meeting dated January 13, 2023, approved the proposed amalgamation of the erstwhile L&T Finance Limited, L&T Infra Credit Limited and L&T Mutual Fund Trustee Limited with the Company, with appointed date of April 1, 2023, by way of merger by absorption pursuant to a scheme of arrangement (the Scheme) under the provisions of Sections 230 – 232 read with Section 52 and other relevant provisions of the Companies Act, 2013 (including the rules thereunder).

The Reserve Bank of India vide its letter dated March 24, 2023, BSE Limited and National Stock Exchange of India Limited vide their respective letters dated April 26, 2023 had conveyed that they have no objection to the proposed amalgamation. Pursuant to the sanction granted by the Hon'ble NCLT benches at Mumbai and Kolkata vide orders dated October 13, 2023 and October 17, 2023 respectively, the Scheme has become effective from December 04, 2023 in accordance with the terms of the scheme.

Pursuant to the aforesaid scheme and necessary approval inter alia from the Registrar of Companies, name of the Company has been changed from L&T Finance Holdings Limited to L&T Finance Limited w.e.f. March 28, 2024.

56 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2024.

57 Figures for the previous year have been regrouped/re-classified to confirm to the figures of the current year.

58 The above financial statements have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on April 27, 2024.

For and on behalf of the Board of Directors of
L&T Finance Limited
(Formerly known as L&T Finance Holdings Limited)

S. N. Subrahmanyan
Non-Executive Chairman
(DIN: 02255382)

Sudipta Roy
Managing Director &
Chief Executive Officer
(DIN: 08069653)

Sachinn Joshi
Chief Financial Officer

Apurva Rathod
Company Secretary

Place : Mumbai
Date : April 27, 2024

L&T Finance Limited

(formerly known as L&T Finance Holdings Limited)

Regd. Office: Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East),
Mumbai – 400098, Maharashtra, India. CIN: L67120MH2008PLC181833
E-mail: igrc@ltfs.com; Website: www.ltfs.com; Phone: +91 22 6212 5000; Fax: +91 22 6212 5553

Notice of the Sixteenth Annual General Meeting

Notice is hereby given that the **Sixteenth Annual General Meeting** ("AGM") of the Members of **L&T Finance Limited** (formerly known as L&T Finance Holdings Limited) will be held on Tuesday, June 25, 2024 at 10.00 a.m. (IST) through electronic mode [video conference ("VC") or other audio-visual means ("OAVM")] to transact the following business:

Ordinary Business:

1. To consider and adopt the audited standalone financial statements of the Company together with the report of the Board of Directors and the Auditors thereon for the financial year ended March 31, 2024 and audited consolidated financial statements of the Company together with the report of the Auditors thereon for the financial year ended March 31, 2024.

2. To declare dividend on Equity Shares.

3. To appoint a director in place of Mr. S. N. Subrahmanyan (DIN: 02255382), who retires by rotation, and being eligible, offers himself for re-appointment.

4. To appoint a director in place of Mr. R. Shankar Raman (DIN: 00019798), who retires by rotation, and being eligible, offers himself for re-appointment.

5. **Appointment of Statutory Auditors of the Company:**

   To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to the provisions of Sections 139 and 142 of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014, and in accordance with the circular dated April 27, 2021 issued by the Reserve Bank of India on Guidelines for Appointment of Statutory Auditors of NBFCs ("RBI Circular"), including any statutory amendment(s), modification(s) thereto or re-enactment(s) thereof, for the time being in force, the Company hereby appoints M/s T R Chadha & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 006711N/N500028) and M/s Brahmayya & Co., Chartered Accountants (ICAI Firm Registration Number: 000515S) who have confirmed their eligibility as per Section 141 of the Act and RBI Circular, be appointed as the Joint Statutory Auditors of the Company to hold office for a term of 3 (three) consecutive years from the conclusion of Sixteenth Annual General Meeting ("AGM") till the conclusion of Nineteenth AGM.

   RESOLVED FURTHER THAT the Board of Directors (including any Committee thereof), be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the remuneration of the Joint Statutory Auditors and to do all other acts, matters, deeds and things as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

Special Business:

6. **Continuation of Mr. Pavninder Singh (DIN: 03048302) as a Director on the Board of the Company:**

   To consider and, if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**:

   "RESOLVED THAT pursuant to Regulation 17 (1D) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment(s), statutory modification(s) or re-enactment(s) thereof) and other applicable provisions, Mr. Pavninder Singh (DIN: 03048302), Nominee Director of the Company, who was appointed by the Members at the Ninth Annual General Meeting as a Director not liable to retire by rotation, approval be and is hereby given for his continuation as a Director on the Board of the Company, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board (including any Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard and to give effect to this resolution and for the matters connected therewith or incidental thereto."

By Order of the Board of Directors
For L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Apurva Rathod
Company Secretary
ACS 18314

Date: April 27, 2024
Place: Mumbai

Notes:

1. The explanatory statement as required under Section 102 of the Companies Act, 2013 ("the Act") setting out all material facts and reasons for the proposal is annexed to the notice of the AGM ("Notice").
2. Additional information for items 3, 4 and 5 as required under Regulation 36(3) and Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Clause 1.2.5 of the Secretarial Standards -2 ("SS-2") is annexed to the Notice.
3. Ministry of Corporate Affairs ("MCA") has vide its various circulars issued from time to time (the latest circular being dated September 25, 2023) ("MCA Circulars") permitted the holding of the AGM through VC/OAVM. In compliance with the provisions of the Act, MCA Circulars and SEBI Listing Regulations, the Sixteenth AGM is being held through VC/OAVM on Tuesday, June 25, 2024 at 10.00 a.m. (IST). The deemed venue of the AGM shall be the registered office of the Company.

   The procedure for joining the AGM through VC/OAVM is mentioned in the Notice.
4. Since the AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM.

   The route map, proxy form as well as the attendance slip are therefore, not annexed to this Notice.
5. Members shall have the option to vote electronically ("e-voting") either before the AGM ("remote e-voting") or during the AGM. In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 and any amendments thereto, SS-2, Regulation 44 of the SEBI Listing Regulations and MCA Circulars, the facility for remote e-voting and e-voting in respect of the business to be transacted at the AGM is being provided by the Company through Central Depository Services (India) Limited ("CDSL"). Necessary arrangements have been made by the Company with CDSL to facilitate remote e-voting and e-voting during the AGM.
6. The Company has appointed Mr. S. N. Ananthasubramanian, Practicing Company Secretary (Membership No.: FCS – 4206) or failing him Mr. S. N. Vishwanathan, Practicing Company Secretary (Membership No.: ACS - 61955) as the scrutinizer for scrutinizing the entire voting process i.e., remote e-voting and e-voting during the AGM to ensure that the process is carried out in a fair and transparent manner.
7. Members are permitted to join the AGM through VC/OAVM, 15 minutes before the scheduled time of commencement of AGM and while the AGM is in progress, by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship and Customer Protection Committee, Auditors, etc. who are allowed to attend the AGM without any restrictions pertaining to joining the AGM on a first come first served basis. Institutional Investors who are Members of the Company, are encouraged to attend the AGM and vote.
8. The attendance of the Members joining the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Act.

9. Members attending the AGM through VC/OAVM should note that those who are entitled to vote but have not exercised their right to vote by remote e-voting, may vote during the AGM through e-voting for the business specified in the Notice. The Members who have exercised their right to vote by remote e-voting may attend the AGM but cannot vote again.

10. Voting rights shall be reckoned on the paid-up value of the shares registered in the name of the Members/list of Beneficial Owners maintained by National Securities Depository Limited ("NSDL") and CDSL (NSDL and CDSL collectively referred as "Depositories") as on the cut-off date i.e., June 18, 2024 ("Cut-off date").

11. A person, whose name is recorded in the Register of Members/list of Beneficial Owners maintained by the Depositories as on the Cut-off date only shall be entitled to avail the facility of remote e-voting or e-voting during the AGM.

12. Any person who becomes a Member of the Company after sending of the Integrated Annual Report ("the Report") and holding shares as on the Cut-off date shall also follow the procedure stated herein.

    A person who is not a Member as on the Cut-off date should treat this Notice for information purposes only.

13. In case of joint holders, only such joint holder who is higher in the order of names will be entitled to vote during the AGM.

14. The Company has fixed June 18, 2024 as the record date for determining entitlement of Members to receive dividend for the financial year ended March 31, 2024, if approved by the Members at the AGM.

15. If the dividend as recommended by the Board is approved at the AGM, payment of such dividend will be made on or before July 25, 2024 subject to deduction of tax at source, as applicable:

    - to all the Members in respect of shares held in physical form whose names appear in the Company's Register of Members as at the close of business hours on the record date; and
    - to all Beneficial Owners in respect of shares held in dematerialised form whose names appear in the list of Beneficial Owners furnished by Depositories as at the close of business hours on the record date.

16. Dividend income on equity shares is taxable in the hands of shareholders and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates in accordance with the provisions of the Income Tax Act,1961 ("IT Act") read with amendments thereof. The shareholders are requested to update their PAN with the Company/Registrar & Transfer Agents viz. Link Intime India Private Limited ("RTA") (in case of shares held in physical form) and with the Depositories/Depository Participants ("DPs") (in case of shares held in demat form).

    Resident shareholders:

    For resident shareholders, who have provided PAN, tax shall be deducted at source under Section 194 of the Income Tax Act, 1961 ("IT Act") at 10% on the amount of dividend.

    Tax shall be deducted at source at 20% wherein:

    a. Shareholders do not have PAN/have not registered their valid PAN details in their demat account/with the Company/RTA.
    b. Shareholders are classified as specified persons (i.e., non-filers of Income-tax returns) under Section 206AB.
    c. Shareholders who have not linked PAN with Aadhaar as per the guidelines issued by Central Board of Direct Taxes ("CBDT").

    No tax shall be deducted on the dividend payable to a resident shareholder:

    - If the total dividend paid or likely to be paid to the resident individual shareholders during FY25 does not exceed ₹ 5,000;
    - Individual shareholder submits Form 15G/Form 15H/Nil withholding certificate/Lower withholding certificate and meets all the required eligibility conditions.
    - Shareholders (other than individual) submits Nil withholding certificate/other exemption documents and meets all the required eligibility conditions.

    Apart from cases stated above, following categories of shareholders are exempt from tax deduction at source as per second proviso to Section 194 of the IT Act:

a. Life Insurance Corporation of India

b. General Insurance Corporation of India/ The New India Assurance Company Limited/ United India Insurance Company Limited/ The Oriental Insurance Company Limited/ National Insurance Company Limited

c. Any other insurer in respect of any shares owned by it or in which it has full beneficial interest

d. Dividend income credited/paid to a "business trust", as defined in clause (13A) of Section 2, by a special purpose vehicle referred to in the explanation to clause (23FC) of Section 10.

The following payees are also not subject to tax deducted at source in view of the provisions of Sections 196 and 197A of the IT Act and CBDT notification:

a. Government [Section 196(i)]

b. Reserve Bank of India [Section 196(ii)]

c. A corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income [Section 196(iii)]

d. Mutual Fund specified under Section 10(23D) [Section 196(iv)]

e. any person for, or on behalf of, the New Pension System Trust referred to in Section 10(44) [sub-section 1E to Section 197A]

f. Category I or a Category II Alternative Investment Fund (registered with Securities and Exchange Board of India ("SEBI") as per Section 115UB) as per notification 51/2015

In case, dividend income is assessed/taxable in the hands of a person other than the shareholder and TDS is applicable on such dividend, then such shareholder should file declaration with the Company in the manner prescribed in Rule 37BA of IT Rules.

Non-resident shareholders:

For a Foreign Portfolio Investor ("FPI"), taxes shall be deducted at source under Section 196D of the IT Act at 20% (plus applicable surcharge and cess).

For other non-resident shareholders, taxes are required to be deducted in accordance with the provisions of Section 195 of the IT Act, at the rates in force. As per the relevant provisions of the IT Act, the tax shall be deducted at the rate of 20% (plus applicable surcharge and cess) on the amount of dividend payable to them.

No tax shall be deducted on the dividend payable to a non-resident shareholder if the shareholder submits Nil withholding certificate and meets all the required eligibility conditions.

FPI and the non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to them.

To avail benefit of rate of deduction of tax at source under DTAA, such FPI/non-resident shareholders will have to provide the following:

a. Self-attested copy of the PAN allotted by the Indian Income Tax authorities.

   In case of non-availability of PAN, following details and documents to be furnished:

   (i) name, e-mail address, contact number;

   (ii) address in the country of which the deductee is a resident;

   (iii) tax residency certificate;

   (iv) Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.

b. Tax residency certificate from the jurisdictional tax authorities confirming residential status which covers the period of FY25.

c. Form 10F by the non-resident shareholder filed electronically on Income Tax Portal.

d. Self-declaration by the non-resident shareholder as to:

- Eligibility to claim tax treaty benefits based on the tax residential status of the shareholder, including having regard to the Principal Purpose Test (if any), introduced in the applicable tax treaty with India;
- No Permanent Establishment/fixed base in India in accordance with the applicable tax treaty;
- Shareholder being the beneficial owner of the dividend income to be received on the equity shares;
- In case of Foreign Institutional Investor and Foreign Portfolio Investor, copy of SEBI registration certificate.

In case of non-resident shareholders, having permanent establishment in India and classified as "specified person" as per the provisions of Section 206AB, tax will be deducted at a rate higher of:

i. twice the rate as per the provisions of IT Act; or

ii. twice the rate in force; or

iii. 5%.

General:

In order to enable us to determine the appropriate tax rate at which tax has to be deducted at source under the respective provisions of the IT Act, we request resident shareholders, FPI and non-resident shareholders to upload the details and documents referred to in the Notice in the specified format and as applicable on the link *https://liiplweb.linkintime.co.in/formsreg/submission-of-form-15g-15h.html*. No communication on the tax determination/deduction shall be entertained beyond 11:59 p.m. (IST) on Friday, June 14, 2024.

Deduction of tax at a rate lower than statutory rate or no deduction of tax shall depend upon the completeness of the documents and the satisfactory review of the forms and the documents, submitted by resident shareholders, to the Company/RTA.

Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction/withholding on dividend amounts. Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review of the documents submitted, by FPI/non-resident shareholders to the Company/RTA.

Tax deducted by the Company is final and the Company shall not refund/adjust the tax so deducted subsequently.

17. Members who still hold share certificate(s) in physical form are advised to dematerialise their shareholding to avail the benefits of dematerialisation, which includes easy liquidity since trading is permitted in dematerialised form only, electronic transfer and elimination of any possibility of loss of documents. Any requests for transfer of securities are not permitted unless the securities are held in dematerialised form with a depository. Further, transmission or transposition of securities held in physical form can be effected only in dematerialised form.

18. Members holding shares in dematerialised form are requested to update with their respective DPs, their bank account details (account number, 9 digit MICR and 11 digit IFSC), e-mail address and mobile number. Members holding shares in physical form may communicate details to the Company/RTA before the record date, by quoting the folio no. and attaching a scanned copy of the cancelled cheque leaf of their bank account and a self-attested scanned copy of the PAN card.

19. Members can avail of the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act.

20. In line with MCA Circulars and circulars issued by SEBI, the Notice calling the AGM along with the Report is being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. A Member can request for a physical copy of the Report by sending an e-mail to the Company at *igrc@ltfs.com*. Members may note that the Report will also be available on the website of the Company at *https://www.ltfs.com/investors*, the website of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at *www.bseindia.com* and *https://www.nseindia.com* respectively. The Notice is also disseminated on the website of CDSL (agency providing the remote e-voting facility and e-voting during the AGM) at *https://www.evotingindia.com/noticeResults.jsp*.

For the purpose of receiving the Notice of the AGM and the Report through electronic mode in case the e-mail address is not registered with the respective DPs/Company/RTA, Members may register the e-mail addresses by sending e-mail to the Company at *igrc@ltfs.com*. Please provide the below mentioned details in the e-mail:

- For Members holding shares in physical form: folio no., name of shareholder, scanned copy of the share certificate, PAN (self-attested scanned copy of PAN card).
- For Members holding shares in dematerialised form: DP ID & Client ID, name of the shareholder and PAN.

Members who have not yet registered their e-mail addresses are requested to register the same with their DPs in case the shares are held in dematerialised form and with Company/RTA in case the shares are held in physical form.

21. All the documents referred in the Notice/ as required under the Act are available for inspection electronically from the date of dispatch of Notice till Tuesday, June 25, 2024. Members seeking to inspect such documents are requested to write to the Company at *igrc@ltfs.com*. Alternatively, all the documents are available for inspection at the registered office of the Company on any working day, between 11:00 a.m. (IST) to 1:00 p.m. (IST).

22. **Investor Grievance Redressal:** The Company has designated an exclusive e-mail address i.e., *igrc@ltfs.com* to enable the investors to register their complaints/send correspondence, if any.

23. **Webcast:** The Company is providing the facility of live webcast of proceedings of the AGM. Members who are entitled to participate in the AGM can view the proceedings of AGM by logging on the website of CDSL at *www.evotingindia.com* using the login credentials.

24. **Unclaimed Dividends:** Pursuant to the provisions of Sections 124 and 125 of the Act read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends which remain unclaimed/ unpaid for a period of 7 years are required to be transferred to Investor Education and Protection Fund.

    The Company requests the Members to claim the unclaimed dividends within the prescribed period. The details of the unclaimed dividends are available on the website of the Company at *https://www.ltfs.com/investors* and Ministry of Corporate Affairs at *www.iepf.gov.in*. Members can contact the RTA for claiming the unclaimed dividends standing to the credit in their account.

PROCEDURE FOR REMOTE E-VOTING, ATTENDING THE AGM AND E-VOTING DURING THE AGM:

The remote e-voting period begins on Saturday, June 22, 2024 from 9:30 a.m. (IST) and ends on Monday, June 24, 2024 at 5:00 p.m. (IST). During this period, Members of the Company, holding shares either in physical form or dematerialised form, as on the Cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter and the same will be enabled during the AGM for the Members who have not casted their vote through remote e-voting.

The Members who have casted their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.

A.1 Procedure and instructions for individual Members holding shares in dematerialised form:

Type of Members	Login Method
Individual Members holding securities in dematerialised form with CDSL	1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach E-voting page without any further authentication. To login to Easi/Easiest, users are requested to visit CDSL website *www.cdslindia.com* and click on login icon & New System Myeasi Tab.

Type of Members	Login Method
	2) After successful login, the Easi/Easiest user will be able to see the E-voting option for eligible companies where the E-voting is in progress as per the information provided by the Company. On clicking the E-voting option, the user will be able to see E-voting page of the E-voting service provider ("ESP") for casting the vote during the E-voting period. Additionally, there are also links provided to access the system of all ESPs, so that the user can visit the ESPs website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at the website of CDSL at www.cdslindia.com, click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access E-voting page by providing demat account number and PAN from a E-voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile & email address as recorded in the demat account. After successful authentication, user will be able to see the E-voting option where the E-voting is in progress and also be able to directly access the system of all ESPs.
Individual Members holding securities in dematerialised form with NSDL	1) If the user is already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on mobile. Once the home page of e-Services is launched,

Type of Members	Login Method
	click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. The user will have to enter the user ID and password. After successful authentication, the user will be able to see E-voting services. Click on "Access to E-voting" under E-voting services and the user will be able to see E-voting page. Click on company name or name of the ESP and the user will be re-directed to ESP website for casting vote during the remote e-voting period or joining meeting through VC/OAVM & voting during the AGM. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the E-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on mobile. Once the home page of E-voting system is launched, click on the icon "Login" which is available under "Shareholder/Member" section. A new screen will open. The user will have to enter the user ID (i.e. the sixteen digit demat account number held with NSDL), password/OTP and a verification code as shown on the screen. After successful authentication, the user will be redirected to NSDL Depository site wherein the user can see the E-voting page. Click on company name or ESP name and user will be redirected to the website of ESP for casting vote during the remote e-voting period or joining the AGM through VC/OAVM & voting during the AGM.

Type of Members	Login Method
Individual Members (holding securities in dematerialised form) logging in through their DPs	User can also login using the login credentials of demat account through user's DP registered with NSDL/CDSL for E-voting facility. After successful login, the user will be able to see E-voting option. Once the user clicks on E-voting option, the user will be redirected to NSDL/CDSL Depository site after successful authentication, wherein the user can see E-voting feature. Click on company name or name of the ESP and user will be redirected to ESP website for casting vote during the remote e-voting period or for joining the AGM through VC/ OAVM & voting during the AGM.

Important note: Members who are unable to retrieve user ID/password are advised to use Forget User ID and Forget Password option available at the abovementioned website.

Helpdesk for Individual Members holding securities in dematerialised form for any technical issues related to login through depository i.e., CDSL and NSDL

Login type	Helpdesk details
Individual Members holding securities in dematerialised form with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at *helpdesk.evoting@cdslindia.com* or contact at toll free no.: 1800 22 55 33.
Individual Members holding securities in dematerialised form with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at *evoting@nsdl.co.in* or contact at: 022-48867000 or 022-24997000

A.2 Procedure and instructions for non-individual Members holding shares in dematerialised form and Members holding shares in physical form:

(i) The user should log on to the e-voting website *www.evotingindia.com*.

(ii) Click on "Shareholders/Members".

(iii) Now enter the user ID

a. For CDSL: 16 digits beneficiary ID

b. For NSDL: 8 character DP ID followed by 8 digits client ID

c. Members holding shares in physical form should enter folio no. registered with the Company.

(iv) Next: Enter the image verification as displayed and click on "Login".

(v) If you are holding shares in dematerialised form and had logged on to *https://www.evotingindia.com* and voted on an earlier resolution of any other company, then your existing password is to be used.

If a demat account holder has forgotten the login password then enter the user ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(vi) If you are a first time user, follow the steps given below:

For Members holding shares in dematerialised form and physical form	
PAN	• Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. • Members who have not updated their PAN with the Company/ Depository Participant are requested to contact the Company through e-mail on *igrc@ltfs.com*.
Dividend bank details or date of birth (DOB)	• Enter the dividend bank details or DOB (in dd/mm/yyyy format) as recorded in the demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company, please enter the member ID/folio no. in the dividend bank details field by following the instructions.

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares dematerialised form will now reach "Password

Creation" menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that the said company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Note for Non - individual Members and Custodians:

- Non-individual Members (i.e. other than individuals, HUF, NRI etc.) and custodians are required to log onto *https://www.evotingindia.com* and register themselves as Corporates.
- A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to *helpdesk.evoting@cdslindia.com*.
- After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delinked in case of any wrong mapping.
- It is mandatory that a scanned copy of the board resolution and Power of Attorney (POA) issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, non-individual Members are required to mandatorily send the relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the scrutinizer and to the Company, if the aforesaid documents are not uploaded on the CDSL e-voting system, for verification by the scrutinizer.

➢ Click on Electronic Voting Sequence Number ("EVSN") of "L&T Finance Limited".

➢ On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.

➢ Click on the "RESOLUTIONS FILE LINK" if you wish to view the details of the resolution.

➢ After selecting the resolution(s) you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and modify your vote.

➢ Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

➢ You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

B. Procedure and instructions for Members attending the AGM through VC/OAVM:

(i) The procedure for attending the AGM & e-voting on the day of the AGM is same as the instructions mentioned above for e-voting.

(ii) The link for VC/OAVM to attend the AGM will be available where the EVSN of the Company will be displayed after successful login as per the instructions mentioned above for e-voting.

(iii) Members are encouraged to join the AGM through laptops/iPads for better experience.

(iv) Members connecting through mobile devices or tablets or laptop connecting via mobile hotspot may experience loss of audio/video due to fluctuation in the network.

Members are required to allow camera and use an internet facility with a good bandwidth to avoid facing any disturbance during the AGM.

(v) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered e-mail address mentioning their name, DP ID and Client ID/folio no., PAN, mobile number along with their queries at *igrc@ltfs.com* from June 18, 2024 from 9:30 a.m. (IST) to June 21, 2024 till 5:00 p.m. (IST). Those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

(vi) Only those Members, who are present at the AGM through VC/OAVM and have not casted their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting during the AGM.

(vii) If any votes are cast by the Members through the e-voting facility available during the AGM and if the said Members have not participated in the AGM through VC/OAVM facility, then the votes cast by such Members shall be considered invalid as the facility of e-voting during the AGM is available only to the Members attending the AGM.

Members who have any queries or issues regarding attending AGM & e-voting using the CDSL e-voting system, can write an email to *helpdesk.evoting@cdslindia.com* or contact at toll free no. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to *helpdesk.evoting@cdslindia.com* or call at toll free no. 1800 22 55 33.

Declaration of Results:

1) The scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and submit, not later than two days of conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Company or the person authorised by him, who shall countersign the same.

2) Based on the scrutinizer's report, the Company will submit within two working days of the conclusion of the AGM to the Stock Exchanges, details of the voting results as required under Regulation 44(3) of the SEBI Listing Regulations.

3) The results declared along with the scrutinizer's report, will be hosted on the website of the Company at *https://www.ltfs.com* and on the website of CDSL at *https://www.evotingindia.com* immediately after the declaration of the result by the Chairman or a person authorised by him in writing and communicated to the Stock Exchanges.

Important notice for investors holding non-convertible securities of the Company:

SEBI has vide its circular no. SEBI/HO/DDHS/DDHS-RAC-1/P/CIR/2023/176 dated November 8, 2023 released a procedural framework for dealing with unclaimed interest, dividend and redemption amounts lying with entities having listed non-convertible securities and manner of claiming such amounts by investors. The Company has formulated a framework specifying the process to be followed by the investors for claiming their unclaimed amounts. The framework and details of unclaimed amounts are available on the website of the Company at *www.ltfs.com/investors*.

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE DATED APRIL 27, 2024:

The following explanatory statement relating to the accompanying Notice sets out all material facts in respect of the resolutions:

ITEM NO. 5:

The Members of the Company at the Thirteenth Annual General Meeting ("AGM") held on July 28, 2021 had approved the appointment of M/s KKC & Associates LLP (ICAI Firm Registration No. 105146W/W100621) ("KKC") as the Statutory Auditors of the Company for a period of 3 consecutive years from the conclusion of the Thirteenth AGM to the conclusion of the Sixteenth AGM. Accordingly, KKC will complete the first term as the Statutory Auditors of the Company on conclusion of this AGM and thus, cease to be the Statutory Auditors of the Company on conclusion of the Sixteenth AGM.

Pursuant to Reserve Bank of India circular no. RBI/2021-22/25 ref. no. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular") issuing Guidelines for Appointment of Statutory Auditors for NBFCs, NBFCs with asset size of ₹ 15,000 Cr and above as at the end of previous year are required to conduct the statutory audit under joint audit of a minimum of two audit firms (Partnership firms/Limited Liability Partnerships) and appoint joint statutory auditors for a continuous period of 3 years.

Consequent to the merger of the wholly-owned subsidiaries of the Company effective December 4, 2023, the asset size of the Company as at March 31, 2024 is more than ₹ 15,000 Cr. Thus, in view of the aforesaid regulatory requirements, the Company is required to appoint joint statutory auditors.

The Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee ("the Committee"), has recommended for the approval of the Members, the appointment of M/s T R Chadha & Co. LLP, Chartered Accountants, (ICAI Firm Registration No. 006711N/N500028) ("M/s T R Chadha & Co.") and M/s Brahmayya & Co. Chartered Accountants, (ICAI Firm Registration No. 000515S) ("M/s Brahmayya & Co."), as the Joint Statutory Auditors of the Company for a period of 3 consecutive years from the conclusion of Sixteenth AGM till the conclusion of Nineteenth AGM.

Before recommending the appointment of M/s T R Chadha & Co. and M/s Brahmayya & Co., as the Joint Statutory Auditors of the Company, the Committee considered various parameters as specified in the RBI Circular and Section 141 of the Companies Act, 2013 ("the Act"), like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge, experience of the partners etc., and found M/s T R Chadha & Co. and M/s Brahmayya & Co. to be suitable to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. M/s T R Chadha & Co. and M/s Brahmayya & Co., fulfil the eligibility criteria, including relating to independence and conflict, as specified by the Reserve Bank of India.

M/s T R Chadha & Co. has been providing industry expertise to numerous multinationals as well as Indian companies for over 77 years. The firm has been committed to offer wide array of services spanning across assurance services, Internal Audit & Risk Advisory, Direct, Indirect and International Taxation & Consultancy services.

M/s Brahmayya & Co. is composed of experts specializing in Assurance, risk, Tax advisory and transaction services and has been rendering professional services for over 90 years. The firm helps to solve problems in finance and transactions, operations, technology, litigation, governance, risk, and compliance.

M/s T R Chadha & Co. and M/s Brahmayya & Co. have given their consent to act as the Joint Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act along with the RBI Circular.

The proposed remuneration to be paid to the Joint Statutory Auditors, M/s T R Chadha & Co. and M/s Brahmayya & Co. for FY25 is ₹ 186 lakhs. There is no material change in the fee payable to the Joint Statutory Auditors from that paid to KKC.

In view of the aforesaid, the Board recommends the ordinary resolution set forth in Item No. 5 for approval of the Members.

None of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned/interested, financially or otherwise, in the said resolution.

ITEM NO. 6:

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 effective June 15, 2023, ("SEBI Listing Regulations") with effect from April 1, 2024, the continuation of a director (except the Whole-time Director, Managing Director, Manager, Independent Director or a Director retiring by rotation under Section 152(6) of the Companies Act, 2013) serving on the board of directors of a listed entity is subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment, as the case may be.

Further, the continuation of the director serving on the board of directors of a listed entity as on March 31, 2024, without the approval of the shareholders for the last five years or more is subject to the approval of the shareholders in the first general meeting to be held after March 31, 2024.

Mr. Pavninder Singh (DIN: 03048302) was appointed as the Nominee Director on the Board of the Company, not liable to retire by rotation, effective June 15, 2017, by the Members at the Ninth Annual General Meeting held on August 28, 2017 in accordance with the terms of the Investment Agreement entered into between BC Investments VI Limited and BC Asia Growth Investments and the Company.

In view of the aforesaid, it is proposed to approve continuation of Mr. Pavninder Singh as a Director on the Board of the Company in accordance with the regulatory requirements.

Mr. Pavninder Singh serves as the partner at Bain Capital Private Equity, LP, as part of the Asia Pacific Private Equity team. He leads their efforts in India and Southeast Asia with a focus on Financial & Business Services and Industrial & Energy Verticals. Prior to that he was based in the New York office as part of the North American Private Equity industrials team.

Mr. Pavninder Singh has been closely involved with a number of Bain Capital's investments in the region, including Axis Bank, Hero MotoCorp, JM Baxi, L&T Finance, Quest Engineering, Chindata, Emcure Pharmaceuticals and Brillio.

Mr. Singh currently serves on the boards of Brillio, CitiusTech, 360 One and Porus Laboratories. Prior to Bain, he served as a Co-Chief Executive Officer of Medrishi.com. He also served as a Consultant at Mercer Management Consulting, where he consulted in the e-commerce, retail and energy industries.

Mr. Singh received an M.B.A. from Harvard Business School, where he was a Baker Scholar. He received a B.A. degree from Harvard College.

The Board recommends the ordinary resolution set forth in Item No. 6 of the Notice for approval of the Members.

Save and except Mr. Pavninder Singh, none of the Directors, Key Managerial Personnel and their relatives, other than to the extent of their shareholding in the Company, are concerned/interested, financially or otherwise, in the said resolution.

Additional Information of the Directors seeking re-appointment at the Sixteenth AGM pursuant to SS-2 and SEBI Listing Regulations:

Name of the Director	**Mr. S.N. Subrahmanyan (DIN: 02255382)**	**Mr. R. Shankar Raman (DIN: 00019798)**
Date of Birth/(Age)	March 16, 1960 (64 years)	December 20, 1958 (65 years)
Qualifications	B.Sc., Engg. (Civil) and MBA Finance	B. Com from Madras University Chartered Accountant Cost Accountant
Date of first appointment on the Board	February 28, 2022	May 1, 2008
Remuneration	N.A(1)	N.A(1)
Experience/brief profile/ nature of expertise in specific functional areas	Mr. S. N. Subrahmanyan (SNS) is the Chairman & Managing Director of Larsen & Toubro, a multi-billion dollar conglomerate, spanning across Engineering, Infrastructure, Information Technology and Financial Services. He also holds diverse leadership positions as Chairman of the Company, Vice Chairman of LTIMindtree and L&T Technology Services, and Chairman of L&T Metro Rail (Hyderabad) Limited. SNS, over the years, has played a pivotal role in guiding L&T's infrastructure business to become the largest in India and among the biggest globally. Now, he is focused on driving L&T's diverse business interests towards new heights by leveraging the power of digitalisation, technology, transition to green energy and fostering a people-centric culture. This multi-pronged approach has already started pivoting L&T into a tech-driven engineering solutions and services powerhouse. Hailing from Chennai, SNS embarked on his professional journey with L&T in 1984 as a project planning engineer with a degree in civil engineering from the National Institute of Technology, Kurukshetra and a postgraduate degree in business management from Symbiosis Institute of Business Management, Pune. He furthered his education with an Executive Management Programme from the London Business School. Mentored by industry stalwarts, he took on roles of increasing responsibility across various business verticals and joined the L&T Board in 2011.	Mr. R. Shankar Raman is a qualified Chartered Accountant and a Cost Accountant. Over the past 40 years, Mr. R. Shankar Raman has worked in varied capacities in the field of finance. Mr. R. Shankar Raman joined L&T group in November 1994 to set up L&T Finance Limited, a wholly owned subsidiary (merged with the Company effective December 4, 2023). Over the years, Mr. R. Shankar Raman assumed responsibilities to oversee the entire finance function at the group level including functions like risk management, investor relations, mergers and acquisitions and legal. Mr. R. Shankar Raman was appointed as Chief Financial Officer of Larsen & Toubro Limited in September 2011 and subsequently elevated to the Board on October 1, 2011. Mr. R. Shankar Raman is also on the Board of Management of several companies within the L&T Group. Mr. R. Shankar Raman has been a recipient of several awards such as Best CFO of Asia in the Industrial Sector in a survey conducted by the prestigious New York based Institutional Investor Magazine, winner of Best CFO Awards from CNBC TV18, Financial Express, and Business Today. Mr. R. Shankar Raman is also the recipient of the Life Time Achievement award in the field of Finance from Financial Express.

	Notable achievements under SNS's leadership include the execution of diverse projects like the Statue of Unity, ITER, Dual Feed Crackers, Offshore Platforms, K9 Vajra, Atal Setu, Ayodhya Ram Mandir, in the offing Bullet Train and more – each recognised for being the 'tallest', 'largest', 'longest', 'smartest', 'most complex', or 'first' in their respective categories. His entrepreneurial mindset propelled L&T into untapped geographies, including the Middle East, Africa, and ASEAN, establishing the L&T's credentials globally. This has led to L&T being recognised among Asia's Most Honoured Companies by Institutional Investor, the Company of the Year by Business Standard in 2020, among the world's best employers on the Forbes' list and one of India's Best Employers among Nation-Builders in 2023 by the Great Place to Work (GPTW). SNS himself has garnered numerous accolades. He won the Eminent Engineer award from the Engineering Council of India in 2024. Apart from being featured on the cover of Fortune magazine's October 2023 edition as India's Best CEO, he is also the winner in the Infrastructure & Engineering category of the Business Today-PwC India's Best CEOs ranking in March 2022, was ranked 8th in the Construction Week Power 100 Ranking for 2022 and was honoured as the Infrastructure Person of the Year in 2012. In 2020, he achieved the Top CEO (Sell Side) and the 3rd Best CEO (Overall) in the All-Asia Executive Team Survey conducted by Institutional Investor and recognised as the CEO of the Year by the leading Indian news channel, CNBC-Awaaz. His exemplary leadership was also recognised with the Emergent CEO Award in 2019, and he received the Leading Engineering Personality award from the Institution of Engineers (India) in 2014. SNS holds prominent positions within various industry bodies, construction institutions, and councils, showcasing his influential presence in these domains.	Mr. R. Shankar Raman is presently a member of the Advisory Committee to the Insolvency and Bankruptcy Board of India (IBBI) on Corporate Insolvency & Liquidation and also a member of the SEBI - Corporate Bonds and Securitization Advisory Committee (CoBoSAC). He is also a member of CII National Committee on Financial Reporting & CII National Committee for CFOs.

	As one of nine founding members of the Climate Finance Leadership Initiative India, he actively contributes to bringing global scale and influence to this significant initiative. Additionally, he serves as the regular honorary chairperson of the Board of Governors at the National Institute of Technology-Rourkela, a position bestowed upon him by the Education Ministry. In February 2021, he was appointed by the Union Ministry of Labour & Employment as the Chairman of the National Safety Council for two years. In this capacity, he guided the council in playing a crucial role in ensuring workplace safety under the new Occupational Safety, Health, and Working Conditions Code, 2020 (OSH Code, 2020). Beyond his professional pursuits, SNS embodies a diverse range of interests that reveal the multi-faceted dimensions of his personality. A cricket aficionado and a passionate runner, he emphasises the importance of physical activity through his daily walks and runs. Notably, his appreciation extends beyond sports and fitness, as he also finds solace and passion in the world of Western classical music.	
Terms and conditions of appointment/ re-appointment	Appointed as a Director liable to retire by rotation.	
Directorships held in other companies (excluding foreign companies) as on April 27, 2024	1. Larsen & Toubro Limited 2. LTIMindtree Limited 3. L&T Technology Services Limited 4. L&T Realty Developers Limited 5. L&T Metro Rail (Hyderabad) Limited 6. L&T Semiconductor Technologies Limited 7. LTIMindtree Foundation	1. LTIMindtree Limited 2. Larsen & Toubro Limited 3. L&T Realty Developers Limited 4. L&T Seawoods Limited 5. L&T Metro Rail (Hyderabad) Limited
Memberships/ Chairpersonship of committees across companies as on April 27, 2024 (only Statutory Committees as required to be constituted under the Act considered)	**A. Nomination and Remuneration Committee** 1. Larsen & Toubro Limited (M)	**A. Audit Committee** 1. L&T Finance Limited (formerly known as L&T Finance Holdings Limited) (M) 2. LTIMindtree Limited (M) 3. L&T Metro Rail (Hyderabad) Limited (M) **B. Corporate Social Responsibility Committee** 1. Larsen & Toubro Limited (M)

		C. Nomination and Remuneration Committee 1. L&T Finance Limited (formerly known as L&T Finance Holdings Limited) (M) **D. Risk Management Committee** L&T Finance Limited (formerly known as L&T Finance Holdings Limited) (M)
Listed entities from which the Director has resigned in the past three years	Nil	Nil
In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	N.A.	
Shareholding in the Company (equity) including shareholding as a beneficial owner as on March 31, 2024	4,987	30,080
Relationship with other Directors/Manager/Key Managerial Personnel	None	
Number of Board Meetings attended during FY 2023-24	All meetings (i.e. Eleven out of Eleven meetings)	

1) Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman are in the services of Larsen & Toubro Limited and draw remuneration from Larsen & Toubro Limited. They are not paid any commission or sitting fees separately for attending the meetings of the Board and/or any Committee of the Company.

M : Member

By Order of the Board of Directors
For L&T Finance Limited
(formerly known as L&T Finance Holdings Limited)

Apurva Rathod
Company Secretary
ACS 18314

Date: April 27, 2024
Place: Mumbai

INFORMATION AT A GLANCE

1. **Day, Date and Time of AGM**
   Tuesday, June 25, 2024 at 10.00 a.m. (IST)

2. **Mode**
   Video Conference ("VC") or Other Audio-Visual Means ("OAVM")

3. **Participation through VC/OAVM**
   Member can login from 9.45 a.m. (IST) on the date of the AGM at www.evotingindia.com

4. **Contact information for VC or E-voting related issues**
   Email: helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

5. **Cut-Off Date for E-voting**
   Tuesday, June 18, 2024

6. **Speaker Shareholder Registration before AGM**
   E-mail at igrc@ltfs.com mentioning the name, DP ID and Client ID/folio no., PAN, mobile number along with the queries from June 18, 2024 from 9:30 a.m. (IST) to June 21, 2024 till 5:00 p.m. (IST).

7. **EVSN**
   L&T Finance Limited

8. **Remote E-voting start date and time**
   June 22, 2024 from 9:30 a.m. (IST)

9. **Remote E-voting end date and time**
   June 24, 2024 at 5:00 p.m. (IST).

10. **Remote E-voting website**
    www.evotingindia.com https://eservices.nsdl.com

11. **Name of E-voting Service Provider**
    Central Depository Services (India) Limited

12. **Name of Registrar & Share Transfer Agents**
    Link Intime India Private Limited

13. **Registration of Members' e-mail IDs for the purpose of the report through electronic mode**
    In case the e-mail address is not registered with the respective DPs/Company/RTA, Members may register the e-mail addresses by sending e-mail to the Company at igrc@ltfs.com

14. **Record date for Dividend**
    Tuesday, June 18, 2024

15. **Dividend payment date**
    On or before Thursday, July 25, 2024

16. **Information of tax on Dividend FY24**
    The same is available on the Company's website at https://www.ltfs.com/investors

Glossary

Abbreviation	Full Form
AGM	Annual General Meeting
ALCO	Asset Liability Management Committee
ALM	Asset and Liability Management
APIs	Application Programming Interface
BPS	Basis Points
CSR	Corporate Social Responsibility
CAGR	Compound Annual Growth Rate
CAPA	Corrective Action and Preventive Action
CE	Collection Efficiency
CISO	Chief Information Security Officer
CO_2	Carbon Dioxide
CoR	Certificate of Registration
Cr	Crore
CRAR	Capital-to-Risk Weighted Assets Ratio
CRM	Customer Relationship Management
DPD	Days Past Due
DIY	Do It Yourself
ED	Executive Director
ESOS	Employee Stock Option Scheme
ESOPs	Employee Stock Ownership Plans
ESI	Employee State Insurance

Abbreviation	Full Form
EHS	Environmental, Health, and Safety
EMI	Equated Monthly Installment
E-NACH	Electronic National Automated Clearing House
ESG	Environmental, Social, and Governance
EWS	Early Warning Signals
E-Waste	Electronic Waste
FICCI	Federation of Indian Chambers of Commerce and Industry
FIDC	Finance Industry Development Council
FTE	Full Time Equivalent
GHG	Green House Gases
GJ	Giga Joules
GRI	Global Reporting Initiative
GS3	Gross Stage 3
JLG	Joint Liability Group
HIRA	Hazard Identification and Risk Assessment
ITSC	IT Strategy Committee
IIRC	International Integrated Reporting Council
IRACP	Income Recognition, Asset Classification, and Provisioning
KRI	Key Risk Indicators

Abbreviation	Full Form
IMF	International Monetary Fund
ID	Independent Directors
ICAAP	Internal Capital Adequacy Assessment Policy
InfoSec	Information Security
ITSM	Information Technology Service Management
ISC	Information Security Committee
IVR	Interactive Voice Response
KG	Kilograms
KL	Kilo Litre
KPI	Key Performance Indicators
LAP	Loan Against Property
MSMEs	Micro, Small and Medium Enterprises
NPS	Net Promoter Score
NBFCs	Non-Banking Financial Companies
NBFC CIC	Non-Banking Financial Company Core Investment Company
NBFC-UL	NBFC-Upper Layer
NGRBC	National Guidelines on Responsible Business Conduct
NRC	Nomination and Remuneration Committee
NTC	New-to-Credit customers
OEM	Original Equipment Manufacturer
PAG	Process Approval Group
PSL	Priority Sector Lending
ROA	Return on Assets

Abbreviation	Full Form
RCMs	Risk Control Metrics
RMC	Risk Management committee
ROE	Return on Equity
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SFF	Sustainable Finance Framework
STP	Straight Through Processing
SMS	Short Message Service
SRCPC	Stakeholders' Relationship and Customer Protection Committee
SOPs	Standard Operating Procedure
SOx	Sulfur Oxides
TCFD	Taskforce on Climate related Financial Disclosures
tCO_2e	Tons of Carbon Dioxide Equivalent
UI	User Interface
UNSDGs	United Nations Sustainable Development Goals
WASH	Water, Sanitation and Hygiene
CoC	Code of Conduct
POSH	Prevention, Prohibition and Redressal of Sexual Harassment at Workplace
PAT	Profit after Tax
CRAR	Capital to Risk (Weighted) Assets Ratio
PBT	Profit before Tax
ECL	Expected Credit Loss
WAC	Weighted Average Cost

Abbreviation	Full Form
SMEs	Small and Medium-Sized Enterprises
GBP	Green Bond Principles
SBP	Social Bond Principles
SBG	Sustainability Bond Guidelines
SLBP	Sustainability-Linked Bond Principles
LMA	Loan Market Association
APLMA	Asia Pacific Loan Market Association
LSTA	Loan Syndications and Trading Associations
GLP	Green Loan Principles
SLP	Social Loan Principles
SLLP	Sustainability-Linked Loan Principles
EVs	Electric Vehicles
JICA	Japan International Cooperation Agency
TAT	Turnaround time
LRR	LTF's Reporting Repository
OD	Overdraft
D2C	Direct-to-consumer
DR	Disaster Recovery
BSI	British Standard Institution
SAAS	Software as a Service
CASB	Cloud Access Security Broker
PII	Personal Identifiable Information

Abbreviation	Full Form
DLP	Data Leakage Prevention
CMDB	Configuration Management Database
CIA	Confidentiality, Integrity, or Availability
FGD	Focused Group Discussion
GETs or GT?	Graduate Engineering Trainees
MTs	Management Trainees
RAP	Role Appreciation Programme
CCST	Centralised Customer Service Team
IO	Internal Ombudsman
CSC	Customer Service Committee
EDP	Entrepreneurship Development Programme
CAPs	Community Advisory Panels
PRIs	Panchayati Raj Institutions
RUDSETI	Rural Development and Self Employment Training Institute
NRLM	National Rural Livelihood Mission
NHM	National Health Mission
WUGs	Water User Groups
SROI	Social Return on Investment
TCOC	Third-Party Code of Conduct
SPO	Second Party Opinion
GWPs	Global Warming Potential
SBTi	Science-Based Targets initiative
PCAF	Partnership for Carbon Accounting Financials

Registered Office:

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