

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report with the Audited Accounts for the year ended March 31, 2013.

FINANCIAL RESULTS

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

	For the year ended March 31, 2013	For the year ended March 31, 2012
		(₹ in Lakhs)
Gross Income	3,502.68	3,275.80
Profit / (Loss) before Tax	2,224.97	283.06
Provision for Tax	-	-
Deferred Tax (Liability) / Asset	214.05	-
Profit / (Loss) after Tax	2,439.02	283.06
Profit/(Loss) brought forward from previous years	(7766.75)	(7993.20)
Profit available for Appropriation	5327.74	7710.14
Appropriations:		
Transfer to General Reserve	NIL	NIL
Transfer to Special Reserve	487.80	56.61
Surplus carried forward to Balance Sheet	(5,815.54)	(7,766.75)

APPROPRIATIONS

Your Company proposes to transfer ₹ 487.80 Lakhs (*Previous Year ₹ 56.61 Lakhs*) to Special Reserve created under Section 29C of the National Housing Bank Act, 1987.

CHANGE IN OWNERSHIP

During the year under review, the entire stake of the Company held by Pasha Ventures Private Limited was sold to L&T Finance Holdings Limited on October 9, 2012. Subsequently, the Company has become a wholly-owned subsidiary of L&T Finance Holdings Limited, a Non Banking Financial Company promoted by Larsen & Toubro Limited and listed on the Bombay Stock Exchange Limited and National Stock Exchange Limited.

Pursuant to the change in ownership, the name of the Company was changed from "Indo Pacific Housing Finance Limited" to "L&T Housing Finance Limited" and the Company was granted a fresh Certificate of Incorporation by the Registrar of Companies on December 4, 2012.

LTFH is a subsidiary of Larsen & Toubro Limited and is listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited and also registered with RBI as a systematically important non-deposit taking NBFC.

DIVIDEND

Your Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. Accordingly, no dividend has been recommended for the Financial Year ended March 31, 2013.

PERFORMANCE OF THE COMPANY

During the year under review, the profit before and after tax of your company was ₹ 2,224.97 Lakhs and ₹ 2,439.02 Lakhs respectively.

The Networth as at March 31, 2013 stands at ₹ 14,332.22 Lakhs as against ₹ 11,893.20 Lakhs as at March 31, 2012. The Company has a healthy Capital Adequacy Ratio of about 41.27% as at March 31, 2013 as against the stipulated requirement of 12%.

During the Financial Year 2012-13, the Company disbursed housing and other loans to the tune of ₹ 20,352.70 Lakhs (*previous year ₹ 967.47 Lakhs*). The loan portfolio has grown by 95.76% from ₹ 16,671.58 Lakhs as on March 31, 2012 to ₹ 32,637.04 Lakhs as on March 31, 2013.

RESOURCES

Term Loans Availed / Sanctioned

During the year, the Company has received fresh sanctions of Term Loans amounting to ₹ 20,000 Lakhs from various Banks. Out of the fresh sanctioned amount, the Company has withdrawn an amount of ₹ 3,000 Lakhs.

In March 2013, validity for one of the existing term loans of the Company with original sanction amount of ₹ 3,000 Lakhs has been extended by issuance of a revised sanction letter by the Bank. An amount of ₹ 2,750 Lakhs has been withdrawn from the extended facility.

Non-Convertible Debentures [NCD]

During the Financial Year 2012-13, the Company has raised ₹ 6,000 Lakhs by issuing Redeemable, Secured, Non-convertible Debentures (NCD) on private placement basis. The NCDs are listed on the National Stock Exchange of India Limited.

L&T HOUSING FINANCE LIMITED

Commercial paper

During the Financial Year 2012-13, the Company has raised ₹ 13,500 Lakhs by way of issuing commercial papers. The amount of commercial papers outstanding as at March 31, 2013 is ₹ 5,000 Lakhs.

Public Deposits

Your Company has not accepted / renewed any fresh deposits during the Financial Year 2012-13. There is no unclaimed deposit outstanding as on March 31, 2013.

Credit Rating

a) CARE has assigned the following credit ratings to the Company vide its letters dated December 26, 2012:

- Credit rating of fixed deposits limit of ₹ 1 Crore - CARE AA (FD)[Double A].
- Credit rating for proposed long-term bank facilities program of ₹ 699 Crores - CARE AA [Double A]
- Credit rating for proposed Commercial Paper issue of ₹ 300 Crores - CARE A1+ [A One Plus].
- Credit rating for proposed Non-Convertible Debenture issue of ₹ 500 Crores CARE AA [Double A]

b) ICRA has assigned the following credit ratings to the Company in March 2013:

- Credit rating for Long Term Bank Loan of ₹ 300 Crores - [ICRA]AA (Stable)
- Credit rating for Short Term Bank Loan of ₹ 50 Crores - [ICRA]A1+

DIRECTORS

Pursuant to the acquisition of 100% equity share capital of the Company and management control by L&T Finance Holdings Limited, the Board of Directors was reconstituted w.e.f. October 09, 2012.

Mr. N. Sivaraman, Mr. Suneet Maheshwari, Mr. Dinanath Dubhashi and Mr. V. V. Subramanian were appointed as Additional Directors of the Company with effect from October 09, 2012 whereas Mr. G. C. Rangan was appointed as Additional Director with effect from November 22, 2012.

Mr. Vasudevan Ramaswami was appointed as Manager & Chief Executive of the Company with effect from October 9, 2012.

During the year, Mr. Akash Aman Mehta, Director, Mr. Peter Anthony Allen, Director, Mr. Beng Jin Lim, Director, Mr. Sunil Kapoor, Whole Time Director and Mr. Harish Chand Prakash Jain, Director resigned from the Board of Directors.

The Board wishes to place on record their appreciation for the contribution rendered by Mr. Akash Aman Mehta, Mr. Peter Anthony Allen, Mr. Beng Jin Lim, Mr. Sunil Kapoor and Mr. Harish Chand Prakash Jain during their tenure as directors.

Notices have been received from a Member proposing the candidature of Mr. N. Sivaraman, Mr. Suneet Maheshwari, Mr. Dinanath Dubhashi and Mr. V. V. Subramanian and Mr. V. V. Subramanian under Section 257 of the Companies Act, 1956 for appointment as Directors in the ensuing Annual General Meeting.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

The Board of Directors have taken note of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs (MCA) in December 2009. A gist of our compliance with the said guidelines forms part of Corporate Governance Report attached as Annexure A to the Director's report

AUDITORS

M/s. C. M. Gabhawala & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company for the Financial Year 2012-13.

The Statutory Auditors hold office till the conclusion of the ensuing Annual General Meeting. They have expressed their inability to continue beyond the said date.

Your Directors propose to appoint M/s. S. R. Batliboi & Co., Chartered Accountants in place of M/s. C. M. Gabhawala & Co., as Statutory Auditors of the Company for the Financial Year 2013-14 at the ensuing Annual General Meeting to hold office till the conclusion of the next Annual General Meeting.

The Company has received intimation from M/s. S. R. Batliboi & Co., Chartered Accountants that their appointment if made, will be in accordance with provisions of Section 224 (1B) of the Companies Act, 1956.

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

Information under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and the rules made there under is given in a separate Annexure to this Report and forms part of this report. The same would be furnished to the Members on request. None of the employees listed in the said Annexure is related to any Director of your Company.

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

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

There were no foreign exchange earnings or outgo during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- 2) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of the Company for the year;
- 3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The Annual Accounts have been prepared on a going concern basis; and
- 5) Proper systems are in place to ensure compliance of all laws applicable to the Company.

AUDITORS' REPORT

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

SUBSIDIARY COMPANY

Your Directors hereby inform that the Subsidiary Company, Consumers Financial Services Limited has made a Profit After Tax of ₹ 148,738/- for the year ended March 31, 2013 as against a loss of ₹ 4,288/- in the previous year and Gross Income for the current year has increased from ₹ 212,439/- to ₹ 270,929/-.

NATIONAL HOUSING BANK (NHB) REGULATORY GUIDELINES

The Company has complied with all the applicable regulations of the National Housing Bank as on March 31, 2013.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the dedication and commitment of the Company's employees to the growth of the Company. Their unstinted support has been and continues to be integral to your Company's ongoing success. Your Directors wish to thank your Company's clients and business associates for their support to the growth of the Company. Your Directors also wish to thank the Central and State Governments, National Housing Bank and other Regulatory/ Government Authorities, Financial Institutions, Banks, Mutual Funds and Rating Agencies for their support.

For and on behalf of the Board

N. SIVARAMAN
(Director)

DINANATH DUBHASHI
(Director)

Place : Mumbai
Date : April 22, 2013

Registered Office:
Unit No. 505 & 506,
Dlf Tower B, District Centre,
Jasola, New Delhi - 110025

ANNEXURE 'A' TO DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors along with its Committees provides leadership and guidance to your Company's management and directs, supervises and controls the activities of your Company. At present, the Board comprises of five Directors viz. Mr. N. Sivaraman, Mr. Suneet K. Maheshwari, Mr. Dinanath Dubhashi, Mr. V. V. Subramanian and Mr. G. C. Rangan. Mr. Sivaraman is also the President & Whole-time Director of L&T Finance Holdings Limited, the Holding Company.

Mr. Vasudevan Ramaswami is the Manager & Chief Executive of the Company and functions under the superintendence and control of the Board of Directors.

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The core Committees constituted by the Board in this connection are:

- Audit Committee
- Management Committee
- Asset-Liability Management Committee
- Nomination and Compensation Committee
- Risk Management Committee

The details of various committees of your Company are as under:

1) Audit Committee

The Audit Committee has been set up pursuant to Section 292A of the Companies Act, 1956 as well as the NHB Directions for HFCs. The Committee currently comprises of 3 Directors as per details given below:

Composition of Audit Committee

Mr. Suneet K. Maheshwari
Mr. Dinanath Dubhashi,
Mr. V. V. Subramanian

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 292A of the Companies Act, 1956. The Audit Committee met 3 times during the year.

2) Management Committee

The Committee currently comprises of following as its members:

Mr. Dinanath Dubhashi
Mr. Vasudevan Ramaswami

Role of the Committee

The Management Committee has been entrusted with the powers of general management of the affairs of your Company. The Committee met 7 times during the year.

3) Asset – Liability Management Committee

The Committee is presently chaired by Mr. N. Sivaraman and consists of other members holding senior executive positions in various functions in the Company and group companies.

Role of the Committee

- 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 NHB Guidelines issued in this behalf from time to time;
- Reviewing the business strategy of your Company (on the assets and liabilities sides) in line with your 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 your Company's internal limits;
- Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks;
- Product pricing for financial advances, desired maturity profile and mix of the incremental assets and liabilities, based on market conditions;
- Articulating the current interest rate view of the Company and deciding the future business strategy on this view; and
- Deciding on the source and mix of liabilities and recommending the desired asset mix.

The ALCO met twice during the year under review.

4) Nomination and Compensation Committee

The Committee currently comprises of the following members:

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

Role of the Committee

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

5) Risk Management Committee

The Committee currently comprises of 4 members as per details given below.

Composition of Risk Management Committee

Mr. V. V. Subramanian

Mr. Vasudevan Ramaswami

Mr. Deepak Punjabi

Mr. Sandip Sardesai - Secretary

Role of the Committee

- The Risk Management Committee reviews inter alia the integrated risk which includes liquidity risk, interest rate risk and currency risk.

DISCLOSURES

During the financial year ended March 31, 2013:

- There was no materially significant related party transaction with the Directors that had a potential conflict with the interests of your Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- The Company has implemented some of the recommendations given in the "Corporate Governance – Voluntary Guidelines 2009" by the Ministry of Corporate Affairs and is examining the possibility of implementing the remaining recommendations.
- Annual Reports and official news releases are also displayed on the website of the Company www.lthousingfinance.com

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

The Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India. A gist of the compliance of your Company with the said guidelines is given below, to the extent not covered in the earlier part of this Report.

Separation of Offices of Chairman and Managing Director & Chief Executive

The roles and offices of the Chairman & Chief Executive are separated. Mr. N. Sivaraman chairs the meetings of the Board whereas Mr. Vasudevan Ramaswami is the Manager & Chief Executive of your Company.

Remuneration of Directors

Remuneration paid to the Directors of the Company, prior to acquisition by L&T Finance Holdings Limited is detailed in the Financial Statements for the period ending March 31, 2013.

Presently, all the Directors of your Company are non-executive. The Directors on the Board who are in the services of the holding/group Companies, L&T Finance Holdings Limited/other group Companies, draw remuneration from the respective Companies.

Independent Directors

All the Members of the Board of the Company are independent in the sense that none of them is a full time employee of the Company. However, Mr. N. Sivaraman, is associated with the holding Company, L&T Finance Holdings Limited and play a strategic and supervisory role over the Company. Whilst, Mr. Suneet Maheshwari, Mr. Dinanath Dubhashi, Mr. V. V. Subramanian and Mr. G.C. Rangan are associated with the group companies.

Number of Companies in which an Individual may become a Director

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

Responsibilities of the Board

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

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

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

Internal Auditors

M/s. PKF Shridhar & Santhanam, Chartered Accountants conduct Internal Audit for the Company.

Internal Control

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T HOUSING FINANCE LIMITED** (the "company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,

the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the board of directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act, nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the company.

For C. M. GABHAWALA & CO.
Firm Registration No. 102870W
Chartered Accountants

BIREN GABHAWALA
Partner
Membership No. 40496

Place : Mumbai
Date : April 22, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to Auditors' Report of even date to the members of L&T Housing Finance Limited on the financial statements for the year ended March 31, 2013

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) The Company does not maintain any inventory and accordingly Clause (ii) of paragraph 4 of the Order is not applicable for the year.
- (iii) (a) The Company has granted unsecured loan (inter corporate deposits) of ₹ 20 Crores each to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 20 crores and the year-end balance of loans granted to such parties was ₹ 20 crores.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) One party has repaid the principal amount as stipulated. For the other party, the amount is not yet due and both have been regular in the payment of interest to the Company.
- (d) There is no overdue amount in excess of ₹ 1 lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.
- (e) The Company has taken loan from one company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹ 42,50,00,000 and the year end balance of loans taken from such party was ₹ NIL.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from company listed in the register maintained under Section 301 of the Act, are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular is repaying the principal amounts as stipulated and has been regular in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business in respect of purchase of fixed assets and for the grant of housing and mortgage loans. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of ₹ 5 lakhs in respect of any party during the year have been made at rates which are reasonable having regard to prevailing market rates at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, service tax and other material statutory dues as applicable with the appropriate authorities. Wealth tax, customs duty and excise duty are not applicable to the Company.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax and service-tax as at March 31, 2013 which have not been deposited on account of a dispute.
- (x) The accumulated losses of the Company have not exceeded fifty percent of the net worth as at March 31, 2013. It has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- (xii) In our opinion, the Company has adequate documents and records in the cases where the Company has granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.

L&T HOUSING FINANCE LIMITED

- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) Security has been created in respect of 600 secured redeemable non-convertible debentures of face value ₹ 10,00,000 each amounting to ₹ 60,00,00,000 issued during the year on private placement basis to ultimate holding company.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **C. M. GABHAWALA & CO.**
Firm Registration No. 102870W
Chartered Accountants

BIREN GABHAWALA
Partner
Membership No. 40496

Place : Mumbai
Date : April 22, 2013

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at March 31, 2013		As at March 31, 2012	
		₹	₹	₹	₹
EQUITY AND LIABILITIES					
Shareholders' funds					
Share capital	3	439,230,780		439,230,780	
Reserves and surplus	4	993,990,857		750,089,211	
			1,433,221,637		1,189,319,991
Non-current liabilities					
Long-term borrowings	5	1,165,170,888		283,294,958	
Other long-term liabilities	6	18,899,820		20,552,763	
Long-term provisions	7	26,332,331		18,228,157	
			1,210,403,039		322,075,878
Current liabilities					
Short-term borrowings	8	492,547,016		1,727,593	
Current maturities of long-term borrowings	5	120,669,000		185,457,404	
Other current liabilities	9	421,337,485		118,553,974	
Short-term provisions	10	2,496,982		944,822	
			1,037,050,483		306,683,793
TOTAL			3,680,675,159		1,818,079,662
ASSETS					
Non-current assets					
Fixed Assets	11				
Tangible assets		2,356,221		1,650,339	
Intangible assets		2,745,851		25,956	
Non-current investments	12	9,103,000		9,723,000	
Deferred tax assets (net)	13	21,404,890		-	
Long-term loans and advances towards financing activities	14	2,999,662,355		1,286,892,524	
Long-term loans and advances - others	15	27,532,988		23,305,881	
			3,062,805,305		1,321,597,700
Current assets					
Investment in land and buildings	16	2,423,760		2,423,760	
Cash and cash equivalents	17	144,409,442		397,878,689	
Current maturities of long-term loans and advances towards financing activities	14	248,958,437		75,515,309	
Short-term loans and advances	18	202,574,252		2,711,414	
Other current assets	19	19,503,963		17,952,790	
			617,869,854		496,481,962
TOTAL			3,680,675,159		1,818,079,662
SIGNIFICANT ACCOUNTING POLICIES	2				
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	26				

As per our report attach

For and on behalf of Board

For **C. M. GABHAWALA & CO.**,
Chartered Accountants
Firm Registration No. 102870W

BIREN GABHAWALA
Partner
Membership No. 40496

VASUDEVAN RAMASWAMI
Chief Executive and Manager

KRITI NARULA
Company Secretary

N. SIVARAMAN
Director

DINANATH DUBHASHI
Director

Place : Mumbai,
Date : April 22, 2013

Place : Mumbai,
Date : April 22, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	2012-13 ₹	2011-12 ₹
INCOME			
Income from operations	20	286,630,703	260,010,944
Other income	21	63,637,442	67,569,204
TOTAL		350,268,145	327,580,148
EXPENSES			
Finance costs	22	67,175,813	79,412,671
Employee benefits expense	23	123,491,778	129,662,745
Other expenses	24	112,260,006	83,507,256
Provisions and write offs	25	(221,529,638)	704,651
Depreciation and amortisation expense		8,246,409	5,986,709
TOTAL		89,644,368	299,274,032
Profit before extraordinary items and tax		260,623,777	28,306,116
Extraordinary items - Employee benefits expense		38,127,021	-
Profit before tax		222,496,756	28,306,116
Tax expense:			
Current tax		-	-
Deferred tax		(21,404,890)	-
Profit for the year		243,901,646	28,306,116
Earnings per equity share:	26.7		
Basic and Diluted earnings per equity share (₹)		5.55	0.64
Face value per equity share (₹)		10.00	10.00
SIGNIFICANT ACCOUNTING POLICIES	2		
NOTES FORMING PART OF FINANCIAL STATEMENTS	26		

As per our report attach

For and on behalf of Board

For **C. M. GABHAWALA & CO.**,
Chartered Accountants
Firm Registration No. 102870W

BIREN GABHAWALA
Partner
Membership No. 40496

VASUDEVAN RAMASWAMI
Chief Executive and Manager

KRITI NARULA
Company Secretary

N. SIVARAMAN
Director

DINANATH DUBHASHI
Director

Place : Mumbai,
Date : April 22, 2013

Place : Mumbai,
Date : April 22, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 ₹	2011-12 ₹
A. Cash flow from operating activities		
Profit before taxes	222,496,756	28,306,116
Adjustment for:		
Income from fixed deposits with banks	(17,298,091)	(33,826,983)
Income from investments	(423,200)	(423,392)
Dividend received	(75,000)	(75,000)
(Profit)/Loss on sale of fixed assets	(775,981)	(2,225,401)
Share application money transferred to miscellaneous income	-	(55)
CP discounting charges	9,764,616	-
Interest on redeemable non-convertible debentures payable at maturity	1,759,270	-
Depreciation and amortisation	8,246,409	5,986,709
Provisions and write-offs	(171,758,761)	29,468,917
Operating profit before working capital changes	51,936,018	27,210,911
Adjustments for:		
(Increase)/Decrease in loans and advances towards financing activities	(1,702,781,637)	299,505,870
(Increase)/Decrease in current assets, loans and advances	(210,800,620)	3,885,276
Increase/(Decrease) in trade and other payables	297,975,071	26,445,875
Cash (used in) / generated from operations	(1,563,671,168)	357,047,932
Direct taxes paid	-	(87,040)
Net cash flow from operating activities	(1,563,671,168)	356,960,892
B. Cash flow from investing activities		
Add: Inflows from investing activities		
Proceeds from sale of fixed assets	794,311	2,225,401
Dividend	75,000	75,000
Income from fixed deposits with banks	22,457,593	31,208,433
Income from investments	423,200	424,480
Proceeds from sale of investments	-	32,000
	23,750,104	33,965,314
Less: Outflow from investing activities		
Purchase of fixed assets	(11,690,515)	(7,374,254)
Net cash generated from/(used in) investing activities	12,059,589	26,591,060
C. Cash flow from financing activities		
Add: Inflows from financing activities		
Proceeds/(repayment) of short-term borrowing (net)	481,054,807	(605,257)
Proceeds from long term borrowings	575,000,000	-
Proceeds from issue of non-convertible debentures	600,000,000	-
	1,656,054,807	(605,257)
Less: Outflows from financing activities		
Repayment of long-term borrowings	(357,912,474)	(230,139,071)
Net cash generated from/(used in) financing activities	1,298,142,333	(230,744,328)
Net (Decrease)/Increase in cash or cash equivalent	(253,469,247)	152,807,624
Cash and cash equivalents at the beginning of the year	397,878,689	245,071,065
Cash and cash equivalents at the end of the year	144,409,442	397,878,689

Notes:

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

As per our report attach

For and on behalf of Board

For **C. M. GABHAWALA & CO.**,
Chartered Accountants
Firm Registration No. 102870W

BIREN GABHAWALA
Partner
Membership No. 40496

VASUDEVAN RAMASWAMI
Chief Executive and Manager

KRITI NARULA
Company Secretary

N. SIVARAMAN
Director

DINANATH DUBHASHI
Director

Place : Mumbai,
Date : April 22, 2013

Place : Mumbai,
Date : April 22, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013**1. General Information**

L&T Housing Finance Limited (the Company) is engaged in the business of disbursing loans against the security of house property to meet housing and other requirements of the borrowers. The Company is registered with National Housing Bank.

1.1. Change of Control

L&T Finance Holdings Limited (LTFHL), being the parent company of L&T Housing Finance Limited (LTHFL), has acquired the 100% of the share holding in LTHFL with effect from October 9, 2012 from Pasha Ventures Private Limited (PVPL) being the erstwhile holding company of Indo Pacific Housing Finance Limited (now known as L&T Housing Finance Limited).

1.2 Change of Name of The Company

Pursuant to the above mentioned change of control, the name of the company was changed from Indo Pacific Housing Finance Limited to L&T Housing Finance Limited with effect from December 4, 2012.

2. Summary of significant accounting policies**2.1 Basis for preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis to comply in all material aspects with all the accounting standards notified under section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956, the National Housing Bank Act, 1987 and the Housing Finance Companies, (NHB) Directions, 2010.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Use of Estimates

The preparation of Financial Statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of Financial Statements. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Due to the inherent uncertainty involved in estimates, actual results may differ from those estimates under different assumptions or conditions.

2.3 Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds the recoverable amount.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, as follows:

Assets	Estimated life
Building	10 years
Office equipments	3 years
Furniture and fixtures	3 years
Computers	3 years

Assets individually costing ₹ 25,000 and below are fully depreciated in the year of addition.

2.4 Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated life used is:

Assets	Estimated life
Computer software	3 years

Assets individually costing ₹ 25,000 and below are fully depreciated in the year of addition.

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

2.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost.

However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment property: Investment in land and buildings acquired in satisfaction of claims, that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as current investment and are carried at cost or fair value whichever is lower.

2.6 Income Recognition

Interest income arising out of housing loans and other loans classified as loans and advances are accounted on accrual basis except in case of non-performing assets. Overdue interest is recognised as income on realisation.

Repayment of the housing loans and other loans is by way of equated monthly installments (EMIs) comprising principal and interest. The interest is calculated on the outstanding balances of the principal on the respective due dates. EMIs commence once the entire loan is disbursed. Pending commencement of EMI, Pre-EMI interest is payable every month.

Fees and other charges are recognised as income on realisation.

2.7 Impairment of loans

Loan loss provision in respect of non-performing loans is made based on management's assessment of the degree of impairment of the loans and estimates of recoverability/realisation of loans subject to minimum provisioning level prescribed in accordance with prudential norms of National Housing Bank.

2.8 Employee Benefits

(i) Defined Contribution Plan: Provident Fund

The Company has a defined contribution plan for post employment benefits in the form of Provident Fund. Under the Provident Fund Plan the Company contributes to a Government administered Provident Fund/Recognised Provident Fund on behalf of employees. The Company has no further obligations beyond making the contributions. The Company's contribution to the above plan is charged to the Statement of Profit and Loss.

(ii) Defined Benefit Plan: Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's scheme is administered by Life Insurance Corporation of India. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains/ losses, comprising of experience adjustments and the effects of changes in actuarial assumptions, are recognised immediately in the Statement of Profit and Loss as income or expense in the year in which they arise.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plan, to recognise the obligation on net basis. Past service cost is recognised as expense on a straight-line basis over the average period until the benefits become vested.

(iii) Compensated Absences

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

2.9 Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the Balance Sheet date and resultant gain or loss is recognised in the Statement of Profit and Loss.

2.10 Borrowing Costs

Borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)**2.11 Income Taxes**

Current Tax is determined based on the liability computed in accordance with the relevant tax rates and tax laws. Deferred tax for the year is recognised on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised and carried forward only if there is a virtual/reasonable certainty of its realisation and are reviewed for appropriateness of their respective carrying values at each Balance Sheet date.

2.12 Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

2.13 Lease**As a lessee:**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

2.14 Special Reserve

The Company creates Special Reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987.

2.15 Cash and Cash Equivalents

Cash and Cash Equivalents consist of all the cash balances including time/term deposits placed with banks with maturity of three months or less.

2.16 Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

2.17 Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

3. SHARE CAPITAL

The Company has issued Equity Share Capital, the details in respect of which are given below

3.1 Number, face value and amount of shares authorised, issued, subscribed and paid-up

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Authorised				
Equity Shares of ₹ 10 each	98,000,000	980,000,000	98,000,000	980,000,000
Preference Shares of ₹ 100 each	200,000	20,000,000	200,000	20,000,000
Issued, Subscribed and Paid-up				
Equity shares of ₹ 10 each	43,923,078	439,230,780	43,923,078	439,230,780
TOTAL		439,230,780		439,230,780

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)**3.2 Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
Balance at the beginning of the year	43,923,078	439,230,780	43,923,078	439,230,780
Add: Shares issued	–	–	–	–
Balance at the end of the year	43,923,078	439,230,780	43,923,078	439,230,780

3.3 Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3.4 Shares held by holding Company

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
L&T Finance Holdings Limited along with its nominees*	43,923,078	439,230,780	43,923,078	439,230,780
* Refer Note 1.2				

3.5 Details of shares held by shareholders holding more than 5% of the aggregate shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Equity Shares				
L&T Finance Holdings Limited along with its nominees*	43,923,078	439,230,780	43,923,078	439,230,780
* Refer Note 1.2				

4. RESERVES AND SURPLUS**Securities Premium Account**

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹	No. of Shares	₹
Opening balance	1,350,005,710		1,350,005,710	
Add: Additions during the year	–		–	
	1,350,005,710		1,350,005,710	
Less: Utilised during the year	–		–	
		1,350,005,710		1,350,005,710

Special Reserve

(In terms of Section 29C of National Housing Bank Act, 1987)

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Opening balance	163,285,073		157,623,850	
Add: Transfer from Statement of Profit and Loss	48,780,329		5,661,223	
	212,065,402		163,285,073	
Less: Utilised during the year	–		–	
		212,065,402		163,285,073

General Reserve

Opening balance	13,474,088		13,474,088	
Add : Additions during the year	–		–	
	13,474,088		13,474,088	
Less: Utilised during the year	–		–	
		13,474,088		13,474,088

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
Profit and Loss Account				
Opening balance	(776,675,660)		(799,320,553)	
Add: Net profit for the year	243,901,646		28,306,116	
	(532,774,014)		(771,014,437)	
Less: Appropriations				
Transfer to special reserve under section 29C of National Housing Bank Act, 1987	48,780,329		5,661,223	
		(581,554,343)		(776,675,660)
TOTAL		993,990,857		750,089,211

	Non-current portion		Current maturities	
	As at	As at	As at	As at
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	₹	₹	₹	₹
5. LONG-TERM BORROWINGS				
5.1 Secured				
Refinance from National Housing Bank	7,078,260	19,853,017	9,309,000	11,400,000
Term loans from banks	558,092,628	263,441,941	111,360,000	174,057,404
Redeemable non-convertible debentures **	600,000,000	—	—	—
TOTAL	1,165,170,888	283,294,958	120,669,000	185,457,404

** Refer Note 11

5.2 Security: Refinance from National Housing Bank, term loan from banks and redeemable non-convertible debentures are secured by hypothecation of loan receivables.

5.3 Repayment terms

Frequency	Tenure	Non-current portion	Current maturities
		₹	₹
Bullet	1 to 5 years	600,000,000	—
Quarterly	0 to 6 months	—	28,103,000
	7 to 12 months	—	64,566,000
	1 to 5 years	473,718,072	—
Annually	beyond 5 years	37,500,000	—
	0 to 6 months	—	—
	7 to 12 months	—	28,000,000
	1 to 5 years	53,952,816	—
	beyond 5 years	—	—
TOTAL		1,165,170,888	120,669,000

5.4 Secured redeemable non-convertible debentures: Private Placement

Particulars	Series A of FY 2012-13	Series A of FY 2012-13
Face value per debenture	₹ 10 lakh each	₹ 10 lakh each
Date of allotment	21-Mar-13	21-Mar-13
Amount (₹)	400,000,000	200,000,000
Non-Current portion (₹)	400,000,000	200,000,000
Current maturities (₹)	—	—
Interest rate p.a. (%)	9.7424%	9.7031%
Date of redemption	2-Apr-15	6-Aug-15
Redeemable term	Redeemable at par at the end of 742 days from the date of allotment along with interest accrued	Redeemable at par at the end of 868 days from the date of allotment along with interest accrued

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
6. OTHER LONG-TERM LIABILITIES				
Installments received in advance		17,140,550		20,552,763
Interest accrued but not due on non-convertible debentures		1,759,270		—
TOTAL		18,899,820		20,552,763
7. LONG-TERM PROVISIONS				
Provision for standard assets				
- Shortfall in security value	2,347,864		8,252,067	
- Others	20,286,850		5,184,127	
		22,634,714		13,436,194
Provision for employee benefits				
- Compensated absence		3,697,617		4,791,963
TOTAL		26,332,331		18,228,157
8. SHORT-TERM BORROWINGS				
8.1 Secured				
Overdraft from bank		—		1,727,593
8.2 Unsecured				
Short-term loan		—		—
Inter corporate deposit		—		—
Commercial paper	500,000,000		—	
Less: Unexpired discounting charges	(7,452,984)		—	
		492,547,016		—
TOTAL		492,547,016		1,727,593

8.3 Security: Overdraft facility from bank is secured by way of a first charge on the specific outstanding receivables, which is repayable on demand and interest shall be payable every month.

8.4 Short-term loan

Name of the lender and relationship	Date of financing	₹	Date of redemption	Redeemable term
L&T Fincorp Limited (Fellow Subsidiary)	28-Dec-12	175,000,000	7-Feb-13	Bullet
TOTAL		175,000,000		

8.5 Inter corporate deposits

Name of the lender and relationship	Date of financing	₹	Date of redemption	Redeemable term
L&T Fincorp Limited (Fellow Subsidiary)	17-Jan-13	50,000,000	31-Jan-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	28-Jan-13	50,000,000	31-Jan-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	30-Jan-13	50,000,000	31-Jan-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	30-Jan-13	70,000,000	7-Feb-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	30-Jan-13	15,000,000	11-Feb-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	30-Jan-13	15,000,000	25-Feb-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	8-Feb-13	50,000,000	25-Feb-13	Bullet
L&T Fincorp Limited (Fellow Subsidiary)	28-Feb-13	200,000,000	21-Mar-13	Bullet
TOTAL		500,000,000		

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	As at March 31, 2013		As at March 31, 2012	
	₹	₹	₹	₹
9. OTHER CURRENT LIABILITIES				
Sundry creditors				
- Dues to micro and small enterprises		-		-
- Others		40,256,632		50,693,921
		40,256,632		50,693,921
Bank book credit balance		359,307,819		41,170,104
Interest accrued and due on term loans		-		991,708
Professional tax and labour welfare fund payable		14,144		-
Contribution to provident fund / ESIC		747,939		-
Tax deducted at source payable		4,003,897		5,702,045
Installments received in advance		16,807,149		17,489,715
Unclaimed interest warrant on public deposits		19,391		25,632
Stale cheques		6,390		1,068,394
Customer part prepayments		-		1,084,550
Other liabilities		174,124		327,905
TOTAL		421,337,485		118,553,974
10. SHORT-TERM PROVISIONS				
Provision for standard assets				
- Others		2,177,597		323,556
Provision for employee benefits				
- Compensated absence		319,385		621,266
TOTAL		2,496,982		944,822

11. FIXED ASSETS

Particulars	GROSS BLOCK AT COST				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2012	Additions	Deletions/ Adjustments	As at March 31, 2013	Upto April 1, 2012	For the year	On Deletions/ Adjustments	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets										
Freehold Land **	288,750	-	-	288,750	-	-	-	-	288,750	288,750
Building	1,344,091	-	-	1,344,091	1,344,091	-	-	1,344,091	-	-
Office equipments	2,197,002	555,452	459,171	2,293,283	1,642,330	630,799	440,842	1,832,287	460,996	554,672
Furniture and Fittings	13,915,006	7,751,689	2,452,555	19,214,140	13,190,569	7,367,300	2,452,555	18,105,314	1,108,826	724,437
Computers	30,776,147	574,374	1,944,767	29,405,754	30,693,667	159,205	1,944,767	28,908,105	497,649	82,480
(A)	48,520,996	8,881,515	4,856,493	52,546,018	46,870,657	8,157,304	4,838,164	50,189,797	2,356,221	1,650,339
Intangible Assets										
Software	28,487,006	2,809,000	-	31,296,006	28,461,050	89,105	-	28,550,155	2,745,851	25,956
(B)	28,487,006	2,809,000	-	31,296,006	28,461,050	89,105	-	28,550,155	2,745,851	25,956
(A) + (B)	77,008,002	11,690,515	4,856,493	83,842,024	75,331,707	8,246,409	4,838,164	78,739,952	5,102,072	1,676,295
Previous Year	72,221,355	7,374,254	2,587,607	77,008,002	71,932,605	5,986,709	2,587,607	75,331,707	1,676,295	

** Freehold land has been offered as security for issue of redeemable non-convertible debentures

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	Non-current portion		Current maturities	
	As at March 31, 2013 ₹	As at March 31, 2012 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
14. LONG-TERM LOANS AND ADVANCES TOWARDS FINANCING ACTIVITIES				
Secured				
Housing Loans - Individuals				
- Future principal	2,021,805,687	1,494,950,552	99,401,012	67,850,091
- Overdue principal	713,694	10,826,110	2,781,202	2,720,931
[A]	2,022,519,381	1,505,776,662	102,182,214	70,571,022
Housing Loans - Others				
- Future principal	69,000,000	–	96,000,000	–
- Overdue principal	–	–	–	–
[B]	69,000,000	–	96,000,000	–
Other Loans				
- Future principal	923,213,696	85,721,238	50,692,881	4,871,411
- Overdue principal	12,613	144,543	83,342	72,876
[C]	923,226,309	85,865,781	50,776,223	4,944,287
Less: Provision for non-performing assets				
- Housing loans (Individuals)	14,722,382	295,755,456	–	–
- Other loans	360,953	8,994,463	–	–
[D]	15,083,335	304,749,919	–	–
TOTAL [A] + [B] + [C] - [D]	2,999,662,355	1,286,892,524	248,958,437	75,515,309
	As at March 31, 2013	As at March 31, 2012		
	₹	₹	₹	₹
15. LONG-TERM LOANS AND ADVANCES - OTHERS				
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received		8,005,164		8,695,170
Advance taxes (net)		8,888,852		12,838,902
Service Tax Cenvat credit		10,638,972		–
Capital advance		–		1,771,809
TOTAL		27,532,988		23,305,881
16. INVESTMENT IN LAND AND BUILDINGS				
Investment in land and buildings (acquired in satisfaction of debts)	4,252,116		4,252,116	
Less: Provision for diminution in carrying value	(1,828,356)		(1,828,356)	
		2,423,760		2,423,760
TOTAL		2,423,760		2,423,760
17. CASH AND CASH EQUIVALENTS				
Cash on hand		2,362,202		4,042,829
Cheques on hand		124,274		2,959,186
Balance with banks				
- In current accounts		1,922,966		7,376,674
- Fixed deposits (less than three months maturity)		140,000,000		383,500,000
TOTAL		144,409,442		397,878,689

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
23. EMPLOYEE BENEFIT EXPENSES				
Salaries		115,347,173		119,981,128
Contribution to and provision for:				
- Provident fund	3,990,299		4,163,591	
- ESIC	341,035		386,281	
- Gratuity fund	1,249,397		237,010	
- Compensated absence/leave encashment	(1,396,227)		(116,459)	
		4,184,504		4,670,423
Welfare and other expenses		3,960,101		5,011,194
TOTAL		123,491,778		129,662,745
24. OTHER EXPENSES				
Travelling and conveyance		8,566,875		7,424,106
Printing and stationery		1,231,719		1,682,865
Telephone expenses		2,477,378		2,828,251
Postage and courier expenses		1,079,806		1,119,040
Advertisement and business promotion		84,607		154,821
Repairs and maintenance - others		4,602,929		3,154,915
Rent, rates and taxes		15,255,843		22,179,795
Electricity charges		2,412,037		2,034,710
Insurance charges		254,993		204,955
Auditors' remuneration				
- Audit fees	300,000		1,200,000	
- Tax audit fees	120,000		125,000	
- Certification	200,000		250,000	
		620,000		1,575,000
Professional and legal fees		10,268,893		13,109,512
Loan sourcing cost		15,770,355		160,742
Application processing expenses		4,487,153		-
Computer maintenance		14,811,074		18,878,490
Recovery expenses		3,944,883		6,980,074
Record storage expenses		2,880,778		610,260
Corporate support charges		22,472,000		-
Donation		-		1,500
Miscellaneous expenses		1,038,683		1,408,220
TOTAL		112,260,006		83,507,256

24.1 Operating leases:

The Company has taken certain commercial premises under operating lease arrangements on a cancellable basis. Total lease rental recognised as expense during the period aggregates to ₹ 18,116,432 (Previous Year: ₹ 22,203,385)

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

	2012-13		2011-12	
	₹	₹	₹	₹
25. PROVISIONS AND WRITE-OFFS				
Provision for non-performing assets written back		(289,666,584)		(18,274,124)
Provision for standard assets		11,052,561		5,507,683
Bad debts written off - housing loans and other loans		106,235,262		41,203,996
Bad debts recovery		(49,770,877)		(28,764,266)
Provision for diminution in value of investments		620,000		(796,994)
Provision for diminution in value of investment in land and buildings		-		1,828,356
TOTAL		(221,529,638)		704,651

26.1 Provision for non-performing assets and standard assets

All loans where the installments are overdue for ninety days & above are classified as NPA. Provision is made in respect of NPA in accordance with the Prudential Norms as per Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the Prudential Norms) if required is made as per the Guidelines approved by the Board of Directors from time to time.

As per National Housing Bank Circular No. NHB/HFC/DIR.3/CMD/2011 dated August 5, 2011 and NHB/HFC/DIR.4/CMD/2012 dated January 19, 2012, in addition to provision for non performing assets, all housing finance companies are required to carry a general provision. (i) at the rate of 2% on housing loans disbursed at comparatively lower rate of interest in the initial few years, after which rates are reset at higher rates; (ii) at the rate of 1% of Standard Assets in respect of Commercial Real Estates and (iii) at the rate of 0.40% of the total outstanding amount of loans which are Standard Assets other than (i) & (ii) above. Accordingly the said provision has been created. Additional provisions (over and above the requirements prescribed by NHB) is made as per the Guidelines approved by the Board of Directors from time to time.

Particulars	For the year ended March 31, 2013 (Amount in ₹)				
	Standard	Sub- Standard	Doubtful	Loss	Total
Loans					
Individuals	2,116,125,964	21,308,073	-	-	2,137,434,037
Housing Loans - Others	165,468,493	-	-	-	165,468,493
Other Loans	979,575,057	451,192	-	-	980,026,249
Total Loans	3,261,169,514	21,759,265	-	-	3,282,928,779
Provision					
Individuals	17,976,276	14,722,382	-	-	32,698,658
Housing Loans - Others	1,654,685	-	-	-	1,654,685
Other Loans	4,381,350	360,954	-	-	4,742,304
Total Provisions **	24,012,311	15,083,336	-	-	39,095,647

** Provision for standard assets amounting to ₹ 8 lakh, @ 0.40% in respect of inter-corporate deposit given, is not included above.

Particulars	For the year ended March 31, 2012 (Amount in ₹)				
	Standard	Sub- Standard	Doubtful	Loss	Total
Loans					
Individuals	1,434,972,992	59,790,669	12,843,937	78,065,914	1,585,673,511
Other Loans	88,049,397	1,731,892	990,466	598,583	91,370,338
Total Loans	1,523,022,389	61,522,560	13,834,403	78,664,497	1,677,043,849
Provision					
Individuals	160,437,816	57,415,517	12,843,937	78,065,914	308,763,183
Other Loans	6,425,545	1,731,892	990,466	598,583	9,746,486
Total Provisions	166,863,361	59,147,409	13,834,403	78,664,497	318,509,669

26.2 Transfer to Investment Education and Protection Fund

During the financial year 2012-13, unclaimed interest on public deposits amounting to ₹ 6,241 was transferred to Investor Education and Protection Fund.

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)**26.3 Contingent liabilities and commitments**

(₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Contingent liability		
Income tax matter in dispute	2,924,473	2,330,131
Commitments		
Undisbursed commitment	876,631,042	65,923,202

26.4 Accounting for Taxes on Income

- (i) No provision for taxation has been made in these financial statements in view of taxable losses for the year.
- (ii) In accordance with the Accounting Standard 22 issued by the Institute of Chartered Accountants of India, the Company has recognised deferred tax asset arising from carry forward tax losses, unabsorbed tax depreciation and other timing differences; and has recognised deferred tax liability on the amount claimed as deduction under section 36(1)(viii) of the Income Tax Act, 1961 with respect to amount transferred to Special Reserve created under section 29C of the National Housing Bank Act, 1987

26.5 Employee benefits**i. Defined Contribution Plans**

- i) Employers' Contribution to Provident Fund
- ii) Employers' Contribution to Employee's State Insurance.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss

Particulars	31.03.2013	31.03.2012
Employers' Contribution to Provident Fund (₹)	3,990,299	4,163,591
Employers' Contribution to Employee's State Insurance (₹)	341,035	386,281

ii. Defined Benefit Plan

Contribution to Gratuity Fund:

In accordance with Accounting Standard 15 - Employee Benefits, actuarial valuation has been carried out based on Projected Unit Credit method in respect of the aforesaid defined benefit plan of Gratuity based on the following assumptions.

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Discount Rate	8.00%	8.70%	8.35%	8.45%	7.60%
Expected Rate of Return on Plan Assets	7.50%	7.50%	7.50%	7.50%	7.50%
Salary Escalation Rate	10% p.a. for first two years and 7% p.a. thereafter	10% p.a. for first three years and 7% p.a. thereafter	10% p.a. for first four years and 7% p.a. thereafter	10% for first five years & 7.00% thereafter	7.00%
Expected Average remaining working lives of the employees (Years)	15.00	13.97	14.95	15.45	14.99

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

Change in Defined Benefit Obligation

(₹)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Opening Present Value of Obligation	6,438,931	6,132,428	3,322,911	2,474,597	2,510,996
Current Service Cost	1,326,560	1,396,636	954,506	823,295	866,057
Interest on Defined Benefit Obligation	661,399	619,203	356,789	247,218	277,978
Benefits Paid	(2,424,659)	(398,735)	(67,151)	(289,982)	(1,633,034)
Net Actuarial Losses/(Gains) Recognised in Year	(520,606)	(1,310,601)	(882,744)	(276,407)	452,600
Closing Present Value of Obligations	5,481,625	6,438,931	6,132,428	3,322,911	2,474,597

Change in the Fair Value of Assets

(₹)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Opening Fair Value of Plan Assets	6,783,422	6,173,458	3,396,000	3,246,602	3,258,707
Expected Return on Plan Assets	534,016	492,000	280,570	240,118	239,319
Actuarial Gains/(Losses)	18,848	(23,772)	106,015	35	22,761

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Assets Distributed on Settlements	-	-	-	-	-
Contributions by Employer	1,142,760	540,471	2,458,024	199,227	1,358,849
Assets Acquired due to Acquisition	-	-	-	-	-
Exchange Difference on Foreign Plans	-	-	-	-	-
Benefits Paid	(2,424,659)	(398,735)	(67,151)	(289,982)	(1,633,034)
Closing Fair Value of Plan Assets	6,054,387	6,783,422	6,173,458	3,396,000	3,246,602

Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of plan assets (₹)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Closing Present Value of Funded Obligations	5,481,625	6,438,931	6,132,428	3,322,911	2,474,597
Closing Fair Value of Plan Assets	6,054,387	6,783,422	6,173,458	3,396,000	3,246,602
Closing Funded Status	(572,762)	(344,491)	(41,030)	(73,089)	(772,005)
Closing Value of Unfunded Obligations	-	-	-	-	-
Unrecognised Actuarial (gains) / losses	-	-	-	-	-
Unfunded Net Asset / (Liability) recognised in Balance Sheet	-	-	-	-	-

Amount Recognised in the Balance Sheet (₹)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Closing Present Value of obligations	5,481,625	6,438,931	6,132,428	3,322,911	2,474,597
Closing Fair Value of plan assets	6,054,387	6,783,422	6,173,458	3,396,000	3,246,602
Liability Recognised in the Balance Sheet	-	-	-	-	-

Expenses recognised in the Statement of Profit and Loss (₹)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Current Service Cost	1,326,560	1,396,636	954,506	823,295	866,057
Past Service Cost	-	-	-	344,190	-
Interest Cost	661,399	619,203	356,789	247,218	277,978
Expected Return on Plan Assets	(534,016)	(492,000)	(280,570)	(240,118)	(239,319)
Actuarial Losses/(Gain)	(539,454)	(1,286,829)	(988,759)	(276,442)	429,839
Losses/(Gains) on "Curtailements and Settlements"	-	-	-	-	-
Total Expenses to be recognised in the Profit and Loss Account	914,489	237,010	41,966	898,143	1,334,555

Major categories of Plan Assets as a percentage of total Plan Assets

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Insurer Managed Funds	100%	100%	100%	100%	100%

iii) Compensated Absences

Assumptions at the Valuation Date

Description	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Discount Rate	8.00%	8.70%	8.35%	8.45%	7.60%
Salary Escalation Rate	10% p.a. for first two years and 7% p.a. thereafter	10% p.a. for first three years and 7% p.a. thereafter	10% p.a. for first four years and 7% p.a. thereafter	10% p.a. for first five years and 7% p.a. thereafter	7.00%

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

26.6 Related Party Disclosures**(a) List of related parties:****A. Ultimate Holding Company**

Larsen & Toubro Limited (w.e.f. Oct 9, 2012)

Pacific Century Regional Developments Limited (upto Oct. 8, 2012)

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

- B. Intermediate Holding Company**
PCRD Services Pte. Ltd. (upto Oct. 8, 2012)
- C. Holding Company**
L&T Finance Holdings Limited (w.e.f. Oct. 9, 2012)
Pasha Ventures Private Limited (upto Oct. 8, 2012)
- D. Subsidiary Company**
Consumer Financial Services Limited
- E. Associate Company**
Green Malabar Finance Ventures Limited (upto Oct. 8, 2012)
- F. Associate of erstwhile Ultimate Holding Company**
PCCW Limited (upto Oct. 8, 2012)
Anaid Pte. Ltd. (upto Oct. 8, 2012)
- G. Key Management Personnel**
Mr. Vasudevan Ramaswami, Chief Executive & Manager (w.e.f. Oct. 9, 2012)
Mr. N. Sivaraman, Director (w.e.f. Oct. 9, 2012)
Mr. Dinanath Dubhashi, Director (w.e.f. Oct. 9, 2012)
Mr. V.V. Subramaniam, Director (w.e.f. Oct. 9, 2012)
Mr. Suneet K Maheshwari, Director (w.e.f. Oct. 9, 2012)
Mr. G. C. Rangan, Director (w.e.f. Nov 22, 2012)
Mr. Akash Mehta, Director (upto Oct. 8, 2012)
Mr. Peter Anthony Allen, Director (upto Oct. 8, 2012)
Mr. Lim Beng Jin, Director (upto Oct. 3, 2012)
Mr. Sunil Kapoor, Director (upto Oct. 3, 2012)
Mr. Harish Jain, Director (upto Oct. 8, 2012)
Mr. Anand Subramaniam, Director (upto June 29, 2011)
- H. Fellow Subsidiaries (up to Oct. 8, 2012)**
Surrey Investments Pte. Ltd., Singapore (upto Oct. 8, 2012)
Seapower Realty (Pte.) Ltd., Singapore (upto Oct. 8, 2012)
Gladioli Invesments Pte. Ltd., Singapore (upto Oct. 8, 2012)
Belmonte Pte. Ltd., Singapore (upto Oct. 8, 2012)
Riyan Pte. Ltd., Singapore (upto Oct. 8, 2012)
Hutley Pte. Ltd., Singapore (upto Oct. 8, 2012)
Elsmore Pte. Ltd., Singapore (upto Oct. 8, 2012)
Quinliven Pte. Ltd., (Singapore (upto Oct. 8, 2012))
Pacific Century Regional Developments (HK) Limited, Hong Kong (upto Oct. 8, 2012)
Carander Corporation, Birtish Virgin Islands (upto Oct. 8, 2012)
Telegraph Investments Limited, British Virgin Islands (upto Oct. 8, 2012)
Starvest Limited, Cayman Islands (upto Oct. 8, 2012)
PCRD Investments Limited, Hong Kong (upto Oct. 8, 2012)
- I. Fellow Subsidiaries (w.e.f. Oct. 9, 2012)**
Bond Instrumentation & Process Control Limited ^ ^ ^
Chennai Vision Developers Private Limited
CSJ Infrastructure Private Limited
Ewac Alloys Limited
Family Credit Limited ^ ^ ^
FIL Fund Management Private Limited ^ ^ ^ ^ ^
FIL Trustee Company Private Limited ^ ^ ^ ^
GDA Technologies Inc.
GDA Technologies Limited
Henikwon Corporation Sdn Bhd ^ ^ ^ ^ ^ ^
Hyderabad International Trade Expositions Limited
International Seaports (India) Private Limited
L&T Access Financial Advisory Services Private Limited
L&T Ahmedabad - Maliya Tollway Limited (formerly known as L&T Ahmedabad - Maliya Tollway Private Limited)

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

L&T Arunachal Hydropower Limited
 L&T Asian Realty Project LLP
 L&T Asset Management Company Limited
 L&T Aviation Services Private Limited
 L&T Bangalore Airport Hotel Limited
 L&T BPP Tollway Limited
 L&T Capital Company Limited
 L&T Cassidian Limited
 L&T Chennai – Tada Tollway Limited
 L&T Chennai Projects Private Limited
 L&T Commercial Projects Private Limited ##
 L&T Deccan Tollways Limited
 L&T Devihalli Hassan Tollway Limited
 L&T East-West Tollway Limited*
 L&T Electrical & Automation FZE
 L&T Electricals Saudi Arabia Company Limited, LLC
 L&T Finance Limited
 L&T FinCorp Limited (formerly known as India Infrastructure Developers Limited)
 L&T General Insurance Company Limited
 L&T Geostructure LLP***
 L&T Great Eastern Highway Limited**
 L&T Halol - Shamlaji Tollway Limited (formerly known as L&T Halol - Shamlaji Tollway Private Limited)
 L&T Himachal Hydropower Limited
 L&T Hitech City Limited
 L&T Infocity Limited
 L&T Infotech Financial Services Technologies Inc.
 L&T Infra Investment Partners Advisory Private Limited
 L&T infra Investment Partners Trustee Private Limited
 L&T Infrastructure Development Projects Lanka (Private) Limited
 L&T Infrastructure Development Projects Limited
 L&T Infrastructure Finance Company Limited
 L&T Interstate Road Corridor Limited
 L&T Investment Management Limited
 L&T Kobelco Machinery Private Limited
 L&T Krishnagiri Thopur Toll Road Limited
 L&T Krishnagiri Walajahpet Tollway Limited
 L&T Metro Rail (Hyderabad) Limited
 L&T Modular Fabrication Yard LLC
 L&T Mutual Fund Trustee Limited
 L&T Overseas Projects Nigeria Limited
 L&T Panipat Elevated Corridor Limited
 L&T Parel Project LLP
 L&T Port Kachchigarh Limited (formerly known as L&T Port Sutrapada Limited)
 L&T Power Development Limited
 L&T Power Limited
 L&T Powergen Limited
 L&T Rajkot - Vadinar Tollway Limited (formerly known as L&T Rajkot - Vadinar Tollway Private Limited)
 L&T Real Estate India Fund
 L&T Realty FZE
 L&T Realty Limited (formerly known as L&T Realty Private Limited)
 L&T Samakhiali Gandhidham Tollway Private Limited
 L&T Sapura Offshore Private Limited
 L&T Sapura Shipping Private Limited
 L&T Siruseri Property Developers Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

L&T Solar Limited
L&T South City Projects Limited
L&T Tech Park Limited
L&T Technologies Limited
L&T Technology Services Limited****
L&T Tejomaya Limited*****
L&T Transco Private Limited
L&T Transportation Infrastructure Limited
L&T Trustee Company Private Limited
L&T Unnati Finance Limited
L&T Urban Infrastructure Limited
L&T Uttaranchal Hydropower Limited
L&T Vadodara Bharuch Tollway Limited
L&T Vision Ventures Limited
L&T Western Andhra Tollways Limited
L&T Western India Tollbridge Limited
Larsen & Toubro (East Asia) SDN. BHD ##
Larsen & Toubro (Oman) LLC
Larsen & Toubro (Wuxi) Electric Company Limited @
Larsen & Toubro Arabia*
Larsen & Toubro ATCO Saudia LLC ##
Larsen & Toubro Consultoria E Projeto Ltda
Larsen & Toubro Electromech LLC
Larsen & Toubro Heavy Engineering LLC
Larsen & Toubro Infotech Canada Limited
Larsen & Toubro Infotech Limited
Larsen & Toubro Infotech LLC
Larsen & Toubro Infotech SAPL ^
Larsen & Toubro Infotech, GmbH
Larsen & Toubro International FZE
Larsen & Toubro Jiangsu Shengye Valve Co., Limited (formerly known as Larsen & Toubro (Jiangsu) Valve Company Limited) @@
Larsen & Toubro Kuwait Construction General Contracting Company, WLL ##
Larsen & Toubro LLC
Larsen & Toubro Qatar LLC ##
Larsen & Toubro Readymix Concrete Industries LLC ##
Larsen & Toubro Saudi Arabia LLC
Larsen & Toubro T&D SA (PTY) LTD.
Larsen & Toubro (Qingdao) Rubber Machinery Company Limited
Lotus Infrastructure Investments Limited
Mango Investments Limited
Nabha Power Limited
Narmada Infrastructure Construction Enterprise Limited
Peacock Investments Limited
PT Tamco Indonesia
Qingdao Larsen & Toubro Trading Company Limited
Servowatch INC, USA ^ ^ ^ ^ ^
Servowatch Systems Limited, UK ^ ^ ^ ^ ^
Tamco Electrical Industries Australia Pty. Ltd.
Tamco Switchgear (Malaysia) SDN BHD
Thalest Limited, UK ^ ^

Notes

Domestic Subsidiaries

Companies were incorporated during the year 2012-13

* L&T East-West Tollway Limited

** L&T Great Eastern Highway Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

*** Geostructure LLP

**** Technologies Services Limited

***** Tejomaya Limited

Companies were acquired during the year 2012-13

^^^ Family Credit Limited

^^^^ FIL Trustee Company Private Limited

^^^^^ FIL Fund Management Private Limited

The company has sold its stake on September 28, 2012

The company has sold its stake on November 26, 2012

Foreign Subsidiaries

The Parent company, together with its subsidiaries controls the composition of Board of Directors

* Company was incorporated on July 1, 2012

Companies were acquired during the year 2012-13

^ Larsen & Toubro Infotech SAPL

^^ Thalest Limited, UK

^^^ Bond Instrumentation & Process Control Limited

^^^^ Servowatch Systems Limited, UK

^^^^^ Servowatch INC, USA

^^^^^ Henikwon Corporation Sdn Bhd

@ The company has sold its stake on September 28, 2012

@@ The company has sold 75% stake on June 15, 2012

J. Joint Ventures (w.e.f. Oct. 9, 2012)

L&T-AM Tapovan Joint Venture

International Metro Civil Contractors

Desbuild L&T Joint Venture

HCC-L&T Purulia Joint Venture

Bauer-L&T Diaphragm Wall Joint Venture*

Metro Tunneling Group

L&T-Hochtief Seabird Joint Venture

L&T - Shanghai Urban Construction (Group)

Metro Tunneling Chennai L&T SUCG Joint Venture

Delhi Metro Rail Corporation

L&T - Shapoorji Pallonji & Co. Ltd. Joint Venture -TCS

L&T-Bharat Rail Automation Pvt. Limited ^

LNT_SUCG_JV_CC27_DELHI ^^

The Dhamra Port Company Limited

L&T-Eastern Joint Venture \$\$

IndIran Engineering Projects and Systems \$\$

Notes:

^ The joint venture has been entered into during 2012-13

^^ The Joint Venture has been entered into on April 30, 2012

\$\$ Foreign Joint Venture

K. Associates (w.e.f. Oct. 9, 2012)

L&T-Komatsu Limited

Audco India Limited

L&T-Chiyoda Limited

L&T-Ramboll Consulting Engineers Limited

Gujarat Leather Industries Limited @

NAC Infrastructure Equipment Limited

International Seaport (Haldia) Private Limited

Vizag IT Park Limited

Larsen & Toubro Qatar & HBK Contracting LLC \$\$

L&T Camp Facilities LLC \$\$

L&T Arun Excello Realty Private Limited *

Feedback Infrastructure Services Private Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

JSK Electricals Private Limited
 Salzer Electronics Limited #
 Rishi Consfab Private Limited
 Magtorq Private Limited
 AIC Structural Steel Construction (India) Private Limited ^

Notes

@ The company is under liquidation

*The company has sold its stake on May 9, 2012

The company accounts have been consolidated for twelve months period ended December 31, 2012

^ The company has been incorporated on January 8, 2013

\$\$ foreign associates

(b) Disclosure of related party transactions:

Sr. No.	Nature of transactions	2012-13 ₹	2011-12 ₹
1.	Short-term unsecured loan borrowed L&T Fincorp Limited	175,000,000	-
2.	Interest expense on short-term loan L&T Fincorp Limited	1,965,753	-
3.	Inter corporate deposits borrowed L&T Fincorp Limited	500,000,000	-
4.	Interest expense on inter corporate deposits L&T Fincorp Limited	1,939,727	-
5.	Issue of redeemable non-convertible debentures Larsen & Toubro Limited	600,000,000	-
6.	Inter corporate deposits given L&T Infrastructure Finance Company Limited L&T Finance Limited	200,000,000 200,000,000	- -
7.	Interest received on inter corporate deposits L&T Infrastructure Finance Company Limited L&T Finance Limited	152,055 202,740	- -
8.	Corporate support charges paid L&T Finance Limited	22,472,000	-
9.	Rent paid to / (recovered from) L&T Finance Limited L&T Finance Limited Family Credit Limited	565,665 (62,442) 109,950	- - -
10.	Commission Expenses L&T Access Financial Advisory Services Private Limited	687,818	-
11.	Professional Fees Expense Larsen & Toubro Limited	33,708	-
12.	Charges towards boarding, lodging and training facility Larsen & Toubro Limited	57,821	-
13.	Cost sharing income Green Malabar Finance Ventures Limited	539,328	2,779,560
14.	Managerial Remuneration Remuneration paid to erstwhile Directors	20,851,731	22,768,549

(c) Amount due to / from related parties:

Sr. No.	Nature of transactions	2012-13 ₹	2011-12 ₹
1.	Inter corporate deposit outstanding balance (asset) L&T Finance Limited	200,000,000	-
2.	Investment in subsidiary Consumer Financial Services Limited	3,000,000	3,000,000
3.	Professional fees payable Larsen & Toubro Limited	33,708	-

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)

Sr. No.	Nature of transactions	2012-13 ₹	2011-12 ₹
4.	Charges towards boarding, lodging and training facility payable Larsen & Toubro Limited	57,821	-
5.	Commission payable L&T Access Financial Advisory Services Private Limited	382,517	-
6.	Cost sharing income receivable Green Malabar Finance Ventures Limited	-	2,779,560
	Note: No amount is/has been written off or written back during the year in respect of debts due from or to related parties.		

26.7 Earnings per Share (EPS)

Particulars	2012-13	2011-12
Profit after tax as per statement of profit and loss account (₹)	243,901,646	28,306,116
Weighted average number of shares outstanding during the year	43,923,078	43,923,078
Basic and Diluted earnings per equity share of ₹ 10 each (₹)	5.55	0.64
Nominal value of equity shares (₹)	10	10

26.8 Segment Reporting**Primary Segment (Business Segment)**

The Company operates mainly in the business segment of fund based activity. All other activities revolve around the main business. Further all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India.

Secondary Segment (Geographical Segment)

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

26.9 Capital Adequacy Ratio

Items	2012-13	2011-12
CRAR (%)	41.27%	103.88%
CRAR – Tier I Capital (%)	40.59%	103.28%
CRAR – Tier II Capital (%)	0.68%	0.60%

26.10 Exposure to Real Estate Sector

Category	2012-13 ₹	2011-12 ₹
a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; - Individual housing loans upto ₹ 15 lakh	1,202,401,866	1,518,922,118
- Individual housing loans above ₹ 15 lakh	935,032,171	66,751,393
- Other loans	980,026,249	91,370,338
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial Premises, multi-family residential buildings, multi-tenanted Commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits	165,468,493	Nil
(iii) Investments in Mortgaged Backed Securities (MBS) and other securitised exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS MARCH 31, 2013 (Contd.)**26.11 Asset liability management**

Maturity pattern of certain items of assets and liabilities

FY 2012-13

(₹)

31.03.2013	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Advances	Investments
1 month	-	-	24,855,198	-
Over 1 month to 2 months	-	492,547,016	12,244,583	-
Over 2 months to 3 months	12,500,000	-	12,345,127	2,423,760
Over 3 months to 6 months	15,603,000	-	41,355,709	-
Over 6 months to 1 year	92,565,812	-	81,382,471	-
Over 1 year to 3 years	294,471,076	601,759,270	338,628,548	940,000
Over 3 years to 5 years	233,200,000	-	383,401,195	-
Over 5 years to 7 years	37,500,000	-	386,685,957	-
Over 7 years to 10 years	-	-	591,151,503	-
Over 10 years	-	-	1,337,835,141	8,163,000
Total	685,839,888	1,094,306,286	3,209,885,433	11,526,760

FY 2011-12

(₹)

31.03.2012	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Advances	Investments
1 month	49,161,405	-	12,064,307	-
Over 1 month to 2 months	7,145,000	-	7,826,818	-
Over 2 months to 3 months	25,799,876	-	7,851,286	-
Over 3 months to 6 months	41,317,000	-	23,647,345	-
Over 6 months to 1 year	105,923,528	-	49,359,166	2,423,760
Over 1 year to 3 years	231,631,725	-	206,255,783	1,000,000
Over 3 years to 5 years	44,371,572	-	202,055,028	-
Over 5 years to 7 years	7,291,661	-	181,910,912	-
Over 7 years to 10 years	-	-	236,484,928	-
Over 10 years	-	-	397,896,384	8,723,000
Total	512,641,767	-	1,325,351,957	12,146,760

Notes:

- Borrowings from banks include refinance from National Housing Bank amounting to ₹ 16,387,260 (Previous Year: ₹ 31,253,017)
- Advances comprises of future principal [as stipulated in the original/revised repayment schedule], overdue principal, interest accrued but not due, overdue interest net of income reversal, net of write off and reduced by installment received in advance. Provision for non performing assets and standard assets have been netted off from the gross amount of the loan portfolio in 'over to 10 years' bucket.
- Cash & bank balances, future interest receivable and pre-closure/part prepayment in the normal course of business have not been considered above.

26.12 Previous year figures have been re-grouped/re-arranged and re-classified wherever necessary.

As per our report attach

For and on behalf of Board

For **C. M. GABHAWALA & CO.**,
Chartered Accountants
Firm Registration No. 102870W

BIREN GABHAWALA
Partner
Membership No. 40496

VASUDEVAN RAMASWAMI
Chief Executive and Manager

KRITI NARULA
Company Secretary

N. SIVARAMAN
Director

DINANATH DUBHASHI
Director

Place : Mumbai,
Date : April 22, 2013

Place : Mumbai,
Date : April 22, 2013

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANIES**

Name of the subsidiary	Consumer Financial Services Limited
Financial year of the subsidiary company ended on	31/03/2013
Number of Shares in the subsidiary company held by L&T Housing Finance Limited	10,00,000
Extent of holding	100%
The net aggregate of profits of the subsidiary Company so far as these concern the members of L&T Housing Finance Limited	
(i) Dealt with in the accounts of L&T Housing Finance Limited amounted to:	
(a) for the subsidiary's financial year ended 31st March, 2013	–
(b) for previous financial years of the subsidiaries since these became subsidiaries of L&T Housing Finance Limited	–
(ii) Not dealt with in the accounts of L&T Housing Finance Limited amounted to:	
(a) for the subsidiary's financial year ended 31st March, 2013	148,738
(b) for previous financial years of the subsidiaries since these became subsidiaries of L&T Housing Finance Limited	(6,440,180)

For and on behalf of Board

VASUDEVAN RAMASWAMI
Chief Executive and Manager

KRITI NARULA
Company Secretary

N. SIVARAMAN
Director

DINANATH DUBHASHI
Director

*Place : Mumbai,
Date : April 22, 2013*