

# Board's Report

Dear Members,

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

## FINANCIAL HIGHLIGHTS

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

(₹ in Lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Total Income	10,494.97	5,295.72
Less: Total Expenses	7,005.04	4,864.11
<b>Profit before Tax/(Loss)</b>	<b>3,489.93</b>	<b>431.61</b>
Current tax	779.93	83.03
MAT credit entitlement	(485.88)	(73.86)
Deferred tax	(44.12)	(155.82)
<b>Profit after Tax/(Loss)</b>	<b>3,240.00</b>	<b>578.26</b>
Other Comprehensive Income	(50.15)	22.31
Total Comprehensive Income for the year	3,189.85	600.57
Add: Balance brought forward from previous years	(3,609.06)	(4,209.63)
Add: Transfer on account of merger with L&T Access Distribution Services Limited	(1,821.92)	-
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(2,241.13)</b>	<b>(3,609.06)</b>

## APPROPRIATIONS

During the year under review, the Company has not transferred any amount to General Reserve.

## INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

### • PERFORMANCE OF BUSINESS

The Company is in the business of distribution of financial products. The Company also has SEBI license

for Investment Advisory Services. The Company operates from 8 locations in India and 1 in Dubai. The Company helps high networth individuals with their investment decisions across financial products. The Company has tie ups in place with Mutual Funds, PMS Service Providers, AIF Managers, Equity Broking, Debt desk, Estate Planning Services and Real Estate Service Providers. The Company caters to family offices, individuals, Trusts and corporate clients. The Company is a registered licensed service provider in Dubai International Financial Centre. It caters to investment solutions for clients based in the Middle East. It has tie ups with banks, insurance companies and brokers for catering to its clients from Dubai.

The Company caters to more than 7,200 clients and as on March 31, 2018, the Company has Average Assets Under Service ("AAUS") of more than ₹ 1,834,711.22 Lakh.

### • FINANCIAL PERFORMANCE OF THE COMPANY

- AAUS has increased by 35%, from ₹ 1,362,300.83 Lakh in FY 2016-17 to ₹ 1,834,711.22 Lakh in FY 2017-18.
- Networth of the Company as on March 31, 2018 was ₹ 5,299.84 Lakh as against ₹ 1,557.49 Lakh as on March 31, 2017.

### • INITIATIVES UNDERTAKEN DURING THE YEAR

The wealth management division reported improved sales productivity, asset growth, revenue growth and client retention as well as profitability for the year.

The number of clients increased from 5,684 clients to 7,290 Clients during FY 2017-18. The main driver of productivity included increase in the AAUS/RM (increase of 78% for FY 2017-18) and revenue/RM (increased by 25% for FY 2017-18). Increase in the products offered played a key driver for increased revenues.

Going forward increased focus on productivity and asset growth aided by technology and analytics capabilities will help in improving the growth of the firm.

### MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of financial year to which

these financial statements relate and the date of this Report.

#### **DIVIDEND**

Considering the amount of accumulated losses, it is not proposed to declare the dividend on equity shares for the year ended March 31, 2018.

#### **SHARE CAPITAL**

During the year under review, in accordance with the terms of scheme of amalgamation of L&T Access Distribution Services Limited ("LTA") with the Company, the Authorised Share Capital of the Company was increased to ₹ 76,50,00,000 (Rupees Seventy Six Crore Fifty Lakh only) divided into 7,65,00,000 (Seven Crore Sixty Five Lakh) equity Shares of ₹ 10 (Rupees Ten only) each. During the year, the Company issued and allotted 25,62,000 (Twenty Five Lakh Sixty Two Thousand) equity shares to L&T Finance Holdings Limited i.e. the shareholder of LTA in terms of the scheme of amalgamation.

As on March 31, 2018, the paid-up capital of the Company stands at ₹ 52,31,20,000 (Rupees Fifty Two Crore Thirty One Lakh Twenty Thousand Only) divided into 5,23,12,000 (Five Crore Twenty Three Lakh Twelve Thousand Only) equity shares of ₹ 10 each.

#### **FIXED DEPOSITS**

The Company has not accepted any deposits from the public since inception.

#### **DIRECTORS**

The composition of the Board is in accordance with the provisions of the Companies Act, 2013 ("the Act").

During the year under review, Ministry of Corporate Affairs vide notification dated July 5, 2017 had specified that unlisted public companies which inter alia includes wholly owned subsidiaries are not required to appoint Independent Director. The Company is a wholly owned subsidiary of L&T Finance Holdings Limited and therefore is not required to appoint Independent Directors. Accordingly, Mr. Thomas Mathew T. and Dr. (Mrs.) Rajani R. Gupte, Independent Directors resigned from the Board of the Company with effect from October 17, 2017. The Board places on record its appreciation for the invaluable role during their tenure as Directors of the Company.

The Board of Directors of the Company has appointed Mr. Sunil Prabhune and Mr. Srikanth J., as Additional Directors in accordance with the provisions of

Sections 152 and 161 of the Act with effect from October 16, 2017. Mr. Sunil Prabhune and Mr. Srikanth J. hold office up to the date of the forthcoming Annual General Meeting ("AGM"). The Company has received a notice in writing from a member proposing their candidature for appointment as a Non-Executive Directors and would be placed before the forthcoming AGM and they will be liable to retire by rotation.

Further, Mr. Dinanath Dubhashi was appointed as the Chairperson of the Board and of the Company with effect from October 24, 2017.

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

<b>Name of Directors</b>	<b>Designation</b>
Mr. Dinanath Dubhashi	Non-Executive Director and Chairperson
Mr. Sunil Prabhune	Non-Executive Director
Mr. Srikanth J.	Non-Executive Director

Section 152 of the Act provides that unless the articles provide for the retirement of all the Directors at every AGM, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of Directors by rotation. Accordingly, Mr. Dinanath Dubhashi, Non-Executive Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

#### **SEPARATE MEETING OF THE INDEPENDENT DIRECTORS**

Section 149(8) of the Act, read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of management.

The Independent Directors of the Company met once during the year i.e. on May 2, 2017, pursuant to the provisions of the Act. Both the Independent Directors were present at the meeting.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Directors had submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in

Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

### **KEY MANAGERIAL PERSONNEL (“KMPs”)**

During the year under review, Ms. Bharti Jain had resigned as the Company Secretary of the Company and Ms. Urvashi Singh was appointed as the Company Secretary with effect from May 2, 2017.

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

- Mr. Manoj Shenoy - Chief Executive Officer
- Mr. Rahul Mehta - Head – Accounts (discharging functions of the Chief Financial Officer)
- Ms. Urvashi Singh - Company Secretary

### **PERFORMANCE EVALUATION**

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

#### **Manner of Evaluation**

The Board has laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual Directors has to be made.

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

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

#### **a. Board and Committee Evaluation:**

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

#### **b. Non-Executive Directors Evaluation:**

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

#### **c. Chairperson Evaluation:**

Evaluation done by individual directors is submitted to the Chairperson of Nomination and Remuneration Committee of L&T Finance Holdings Limited, the holding company and feedback is

provided to the Chairperson of the Company.

### **STATUTORY AUDITORS**

Pursuant to the provisions of section 139(2) of the Act and the rules made there under, the Members at their Fourth Annual General Meeting (“AGM”), held on August 23, 2016 had appointed M/s. Sharp and Tannan, Chartered Accountants (ICAI Firm’s Registration Number 109982W) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of the Fourth AGM till the conclusion of the Ninth AGM. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

### **AUDITORS’ REPORT**

The Auditors’ Report 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 134(3)(f) of the Act.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Alwyn Jay & Co., Practising Company Secretary to undertake the secretarial audit of the Company for FY 2017-18.

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

There are no adverse remarks, observations, qualifications or reservation in the Secretarial Audit Report.

### **PARTICULARS OF EMPLOYEES**

The information required pursuant to the provisions of Section 197 of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **Annexure B** of this Report.

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company being a wealth management company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

During the year under review, the actual inflows and outflows of foreign exchange are as follows:

- Foreign exchange inflows – ₹ 1,460.97 Lakh (previous year ₹ 839.31 Lakh)
- Foreign exchange outflows – ₹ 1,442.07 Lakh (previous year ₹ 738.38 Lakh)

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

The Company is a wholly owned subsidiary of L&T Finance Holdings Limited. It has no subsidiary, joint venture or associate company.

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

### INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

The IA function of L&T Financial Services Group (LTFS) monitors and evaluates the efficacy and adequacy of internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of Internal Audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board of Directors from time to time.

### BOARD MEETINGS

During the year under review, the Board of Directors of the Company met 4 (four) times i.e. on May 2, 2017, July 24, 2017, October 24, 2017 and January 24, 2018.

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

The attendance of the members of the Board at the meetings held during the year under review is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held / conducted during the tenure of Directors / year	No. of Board Meetings attended
Mr. Thomas Mathew T. <sup>(1)</sup>	00130282	C-ID	2	2
Dr. (Mrs.) Rajani R. Gupte <sup>(1)</sup>	03172965	ID	2	2
Mr. Dinanath Dubhashi <sup>(2)</sup>	03545900	C-NED	4	4
Mr. Sunil Prabhune <sup>(3)</sup>	07517824	NED	2	2
Mr. Srikanth J. <sup>(3)</sup>	07876348	NED	2	2

#### Notes:

- <sup>(1)</sup> Ceased to be Director with effect from October 17, 2017.
  - <sup>(2)</sup> Appointed as the Chairperson of the Board of the Company with effect from October 24, 2017.
  - <sup>(3)</sup> Appointed as Director with effect from October 16, 2017.
- C-Chairperson ID - Independent Director NED - Non-Executive Director

## AUDIT COMMITTEE

During the year under review, two meetings of the Audit Committee ("AC") were held i.e. on May 2, 2017 and July 24, 2017.

The attendance of the members at the meetings held during the year under review is as follows:

Name of the Director	No. of Meetings held / conducted during the tenure of Directors / year	No. of Meetings attended
Dr. (Mrs.) Rajani R. Gupte <sup>(1)</sup>	2	2
Mr. Thomas Mathew T. <sup>(1)</sup>	2	2
Mr. Dinanath Dubhashi	2	2

**Note:**

<sup>(1)</sup> Ceased to be Directors with effect from October 17, 2017.

Considering that the Company is a wholly owned subsidiary of L&T Finance Holdings Limited, the Company is not required to constitute AC pursuant to the provisions of the Companies Act, 2013 and accordingly, as on March 31, 2018, the Company does not have AC.

## NOMINATION AND REMUNERATION COMMITTEE

The NRC Committee comprised of Dr. (Mrs.) Rajani R. Gupte, Mr. Thomas Mathew T. and Mr. Dinanath Dubhashi.

During the the year under review, the committee met once i.e. on May 2, 2017. All the members were present at the said meeting.

Considering that the Company is a wholly owned subsidiary of L&T Finance Holdings Limited, the Company is not required to constitute NRC pursuant to the provisions of the Companies Act, 2013 and accordingly, as on March 31, 2018, the Company does not have NRC.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The Committee has formulated a policy on Corporate Social Responsibility, which is available on the website of the Company viz. <http://www.ltfs.com>.

As on the date of Report, the CSR Committee comprises

Mr. Dinanath Dubhashi, Mr. Sunil Prabhune and Mr. Srikanth J. During the year under review, the committee met once on January 24, 2018. All the members were present at the said meeting.

As the Company did not have any net profits computed in accordance with the provisions of the Companies Act, 2013, no amount was required to be spent on activities under the CSR.

## PARTICULARS OF LOAN GIVEN, INVESTMENT MADE, GUARANTEE GIVEN AND SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and securities provided, if any, are covered under the provisions of Section 186 of the Act and are given in the Notes to the Financial Statements as applicable.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved a policy on transactions with related parties ("RPT Policy"). The RPT Policy is also available on the website of the Company viz. <http://www.ltfs.com>. The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

### Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the Board of the Company for approval, irrespective of its materiality.

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

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

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

arrangement for which the resolution is passed.

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

### **RISK MANAGEMENT POLICY**

The Company had framed and implemented Risk Management Policy which deals with the identification of risk in the business of the Company and which may threaten the existence of the Company. Further, the said Policy also lays down mitigants and process for periodical review to ensure that executive management controls risk by means of a properly designed framework.

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

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

During the year under review, the Company had received 1 (one) complaint. The Internal Complaints Committee has investigated the complaint and given its recommendation and the same have been implemented to the satisfaction of the complainant.

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

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

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

During the the year under review, order dated October 18, 2017 was received from the National Company Law Tribunal, Mumbai Bench ("NCLT") approving the scheme of amalgamation of L&T Access Distribution Services Limited with the Company.

No penalties have been levied by any Regulators or Courts during the year under review.

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

### **ACKNOWLEDGEMENT**

The Directors express their sincere gratitude to the Central and State Governments, Reserve Bank of India, Securities and Exchange Board of India, Association of Mutual Funds in India, Dubai International Financial Centre, Dubai Financial Services Authority and other Regulatory, Government Authorities, Financial Institutions, Intermediaries, Asset Management Companies and Trustee Companies and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, resulting in successful performance during the year.

**For and on behalf of the Board of Directors**

**Dinanath Dubhashi**  
Chairperson  
DIN: 03545900

**Place:** Mumbai  
**Date:** May 2, 2018

# ANNUAL REPORT 2017-18 - ANNEXURE A TO BOARD'S REPORT

## FORM NO. MR.3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

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

To

The Members,  
**L&T Capital Markets Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Capital Markets Limited** (CIN: U67190MH2013PLC240261) (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts, statutory compliances to express our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2018** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), with their respective amendments, **as applicable**:
  - a) The Securities and Exchange Board of India (Merchant Bankers) Rules, 1992 - **Not Applicable**;
  - b) The Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 - **Not Applicable**;
  - c) The Securities and Exchange Board of India (Depositories and Participants) Regulation, 1996 - **Not Applicable**;
  - d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not Applicable**;
  - e) The Securities and Exchange Board of India (Portfolio Managers) Rules and Regulations, 1993;
  - f) The Securities and Exchange Board of India (Underwriters) Regulations 1993 - **Not Applicable**;
  - g) The Securities and Exchange Board of India (Investment Adviser's) Regulations, 2013;
  - h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable**;
  - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable**;
  - j) The Securities and Exchange Board of India (Research Analysts) Regulations, 2014 - **Not Applicable**;
  - k) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable**;

- l) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable;**
- m) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable;**
- n) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable;** and
- (v) Other specific business/industry related laws applicable to the Company. The Company has complied with the provisions of the Labour law regulations and other rules applicable to the Company including Payment of Wages Act, 1965, The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Rules thereon, Regulations under the Prevention of Money Laundering Act, 2002, The Regulations of Dubai International Financial Centre and Dubai Financial Services Authority and Rules, regulations as applicable to the business operations of the Company and other applicable general business laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India; and
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - **Not Applicable**

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

**We further report that –**

- (a) The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (c) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, the following significant events / actions have taken place in pursuance of the above referred laws, rules, regulations, guidelines and standards:

The Scheme of Amalgamation between L&T Access Distribution Services Limited with the Company was approved at the meeting of the Equity Shareholders of the Company convened by the National Company Law Tribunal held on 9<sup>th</sup> June, 2017. An order was passed by the National Company Law Tribunal on 18<sup>th</sup> October, 2017 approving the said Scheme of Amalgamation and accordingly, allotted 25,62,000 Equity shares of Rs.10/- each at a premium of Rs. 1.44/- to L&T Finance Holdings Limited (Holding Company of L&T Access Distribution Services Limited).

**Place:** Mumbai  
**Date:** April 19, 2018

**ALWYN JAY & Co.**  
Company Secretaries

Office Address:  
Annex-103, Dimple Arcade,  
Asha Nagar, Kandivali (East),  
Mumbai 400101.

**[ Vijay Sonone FCS.7301 ]**  
(Partner)  
[Certificate of Practice No.7991]

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

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN as on financial year ended March 31, 2018

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

#### I. REGISTRATION AND OTHER DETAILS

i)	<b>CIN</b>	U67190MH2013PLC240261
ii)	<b>Registration Date</b>	February 7, 2013
iii)	<b>Name of the Company</b>	L&T Capital Markets Limited
iv)	<b>Category/Sub-category of the Company</b>	Public Limited Company by Shares/ Indian Non Government Company
v)	<b>Address of the Registered office &amp; contact details</b>	Brindavan, Plot No. 177, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6212 5000 Fax: +91 22 6621 7509 Website: www.ltfs.com
vi)	<b>Whether listed company</b>	No
vii)	<b>Name, address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	<b>Link Intime India Private Limited</b> C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the Company
1	Other financial service activities, except insurance and pension funding activities	64990	100

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

##### (i) Category – wise Shareholding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	-	6*	6*	0	-	6*	6*	0	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s).	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2017)				No. of Shares held at the end of the year (As on March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corporate	-	4,97,49,994	4,97,49,994	100	-	5,23,11,994	5,23,11,994	100	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total: (A)(1)</b>	<b>-</b>	<b>4,97,50,000</b>	<b>4,97,50,000</b>	<b>100</b>	<b>-</b>	<b>5,23,12,000</b>	<b>5,23,12,000</b>	<b>100</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A)= (A)(1) + (A)(2)</b>	<b>-</b>	<b>4,97,50,000</b>	<b>4,97,50,000</b>	<b>100</b>	<b>-</b>	<b>5,23,12,000</b>	<b>5,23,12,000</b>	<b>100</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(2) Non - Institutions</b>									
(a) Bodies corporate	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>4,97,50,000</b>	<b>4,97,50,000</b>	<b>100</b>	<b>-</b>	<b>5,23,12,000</b>	<b>5,23,12,000</b>	<b>100</b>	<b>-</b>

\*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 Members jointly with L&T Finance Holdings Limited

## (ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2017)			Shareholding at the end of the year (As on March 31, 2018)			% change in share holding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	4,97,50,000	100	-	5,23,12,000	100	-	-
	<b>Total</b>	<b>4,97,50,000*</b>	<b>100</b>	<b>-</b>	<b>5,23,12,000*</b>	<b>100</b>	<b>-</b>	<b>-</b>

\*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 Members jointly with L&T Finance Holdings Limited.

## (iii) Change in Promoters' Shareholding

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
			No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	L&T Finance Holdings Limited					
	At the beginning of the year	April 1, 2017	4,97,50,000	100	-	-
	Date wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) <sup>#</sup>	-	-	Date of Allotment – December 5, 2017 25,62,000 (shares allotted pursuant to scheme of amalgamation of L&T Access Distribution Services Limited with the Company)	-	-
	At the end of the year	March 31, 2018	-	-	*5,23,12,000	100

\*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year (As on April 1, 2017)		Cumulative Shareholding during the year (April 1, 2017 to March 31, 2018)	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
	Date wise increase / decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

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

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

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

\*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, shares are held by Members jointly with L&T Finance Holdings Limited.

## V. INDEBTEDNESS

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

(₹ in Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Additions	-	1,652.00	-	1,652.00
• Reduction	-	1,652.00	-	1,652.00
<b>Net Change</b>	-	<b>0.00</b>	-	<b>0.00</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the MD/ WTD/Manager
1	<b>Gross salary:</b>	-
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961.	-
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-
2	Stock option (Number of options)	-
3	Sweat Equity	-
4	Commission	-
	- as % of profit	-
	- other's (specify)	-
5	Other's, please specify	-
	<b>Total (A)</b>	-
	<b>Ceiling as per the Act</b>	-

## B. Remuneration to other Directors

(Amount in ₹)

Particulars of Remuneration	Name of the Directors					Total Amount
	Independent Directors		Non Executive Directors			
	Mr. Thomas Mathew T. <sup>(1)</sup>	Dr. (Mrs.) Rajani R. Gupte <sup>(1)</sup>	Mr. Dinanath Dubhashi <sup>(2)</sup>	Mr. Sunil Prabhune <sup>(2)</sup>	Mr. Srikanth J. <sup>(2)</sup>	
(a) Fee for attending Board and Committee meetings	1,60,000	1,60,000	-	-	-	3,20,000
(b) Commission	-	-	-	-	-	-
(c) Other's, please specify	-	-	-	-	-	-
<b>Total (B)</b>	<b>1,60,000</b>	<b>1,60,000</b>	-	-	-	<b>3,20,000</b>
<b>Total Managerial Remuneration</b>	<b>1,60,000</b>	<b>1,60,000</b>	-	-	-	<b>3,20,000</b>
<b>Overall Ceiling as per the Act</b>	<b>Not Applicable</b>					

<sup>(1)</sup> Remuneration data till October 17, 2017

<sup>(2)</sup> Mr. Dinanath Dubhashi, Mr. Sunil Prabhune and Mr. Srikanth J. draw their remuneration from another company within the L&T Financial Services Group.

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel				Total Amount
		CEO Mr. Manoj Shenoy	CFO <sup>(2)</sup> Mr. Rahul Mehta <sup>#</sup>	CS <sup>(3)</sup> Ms. Bharti Jain	CS <sup>(4)</sup> Ms. Urvashi Singh	
1	<b>Gross Salary</b>					
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,64,67,148	-	-	-	2,64,67,148
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 <sup>(1)</sup>	1,91,86,175	-	-	-	1,91,86,175
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	- as % of profit	-	-	-	-	-
	- Other's, specify	-	-	-	-	-
5	Other's, please specify	-	-	-	-	-
	<b>Total</b>	<b>4,56,53,323</b>	-	-	-	<b>4,56,53,323</b>

<sup>#</sup> Appointed as Head-Accounts to discharge the functions of CFO.

<sup>(1)</sup> Includes Perquisite on ESOPs exercised during the year.

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

<sup>(3)</sup> Resigned effective dated May 2, 2017 and drew remuneration from another company within the L&T Financial Services Group.

<sup>(4)</sup> Appointed effective dated May 2, 2017 and draws remuneration from another company within the L&T Financial Services Group.

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

**Dinanath Dubhashi**  
Chairperson  
DIN: 03545900

**Place:** Mumbai  
**Date:** May 2, 2018

# Independent Auditor's Report

## **To the members of L&T Capital Markets Limited**

### **Report on the Ind AS standalone financial statements**

We have audited the accompanying Ind AS standalone financial statements of L&T Capital Markets Limited ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS Standalone financial statements").

### **Management's responsibility for the Ind AS standalone financial statements**

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included

in the audit report under the provisions of the Act and the Rules made thereunder. and Order issued under section 143 (11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

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

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on other legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;'
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the balance sheet, the statement of profit and loss (including other comprehensive income), the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
- e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the board of directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B. Our report expresses an unmodified opinion on the operating adequacy and operating effectiveness of the Company's internal financial over financial reporting; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company did not have any pending litigations on its financial position in its Ind AS standalone financial statements - refer note 31 to the Ind AS standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Sharp & Tannan**

Chartered Accountants

Firm's registration No.109982W

**Firdosh D. Buchia**

Partner

Membership no. 038332

Vadodara, 02 May 2018

# Annexure 'A' To The Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) We are informed by the Company that, fixed assets have been physically verified by management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and records of the Company examined by us, the Company does not have any immovable properties of freehold or leasehold land and building. Hence, reporting under paragraph 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us, the Company is engaged primarily in services related to financial services activities and its activities do not require it to hold any inventories and hence reporting under paragraph 3(ii) of the Order is not applicable.
  - (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.
  - (v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
  - (vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, reporting under paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues have been generally regular in depositing during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, and value added tax.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2018 is nil.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
  - (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
  - (x) According to the information and explanations given to us, no material fraud by the Company or

on the Company by its officers or employees has been noticed or reported during the year.

- (xi) According to the records of the Company examined by us and the information and explanation given to us, managerial remuneration has been provided in accordance with the provisions of section 197 read with schedule V of the Act.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of

shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Sharp & Tannan**

Chartered Accountants

Firm's registration No.109982W

**Firdosh D. Buchia**

Partner

Membership no. 038332

Vadodara, 02 May 2018

# Annexure 'B' To the Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

## **Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of L&T Capital Markets Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

### **Management's responsibility for internal financial controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and

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

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

### **Meaning of internal financial controls over financial reporting**

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

### **Inherent limitations of internal financial controls over financial reporting**

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

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control

stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

**For Sharp & Tannan**

Chartered Accountants  
Firm's registration No.109982W

**Firdosh D. Buchia**

Partner  
Membership no. 038332  
Vadodara, 02 May 2018

# Balance Sheet as at March 31, 2018

(₹ In lakh)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
Non-current assets			
(a) Property, Plant and Equipment	4	97.20	38.45
(b) Intangible assets	4	49.31	42.31
(c) Capital work-in-progress	4	3.12	18.47
(d) Financial Assets			
(i) Long-term loans and advances	5	618.55	217.77
(e) Deferred tax assets (net)	12	198.41	154.40
		966.59	471.40
<b>Current assets</b>			
(a) Financial Assets			
(i) Current investments	6	2,793.26	512.24
(ii) Cash and cash equivalents	7	999.91	542.21
(iii) Short-term loans and advances	8	15.45	69.75
(iv) Trade receivables	9	2,944.01	1,010.37
(v) Other assets	10	37.10	8.81
(b) Other current assets	11	250.61	49.85
		7,040.34	2,193.23
<b>Total</b>		<b>8,006.93</b>	<b>2,664.63</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Share capital	13	5,231.20	4,975.00
(b) Other Equity			
(i) Retained earnings	14	(2,241.13)	(3,609.06)
(ii) ESOP		430.97	191.55
(iii) Capital reserve		1,878.80	-
		5,299.84	1,557.49
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Long-term provisions	15	239.99	130.14
		239.99	130.14
<b>Current liabilities</b>			
(a) Other financial liabilities	16	124.89	117.49
(b) Other current liabilities	17	1,431.54	475.59
(c) Short-term provisions	18	910.67	383.92
		2,467.10	977.00
<b>Total</b>		<b>8,006.93</b>	<b>2,664.63</b>
Summary of significant accounting policies			
The accompanying notes form an integral part of the financial statements			

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.: 109982W

**Firdosh D. Buchia**

Partner

Membership No. 38332

Place: Vadodara

Date : May 02, 2018

**For and on behalf of the Board of Directors of  
L&T Capital Markets Limited**

**Dinanath Dubhashi**

Chairperson

DIN : 03545900

**Urvashi Singh**

Company Secretary

Place: Mumbai

Date : May 02, 2018

**Rahul Mehta**

Head-Accounts (CFO)

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

(₹ In lakh)

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Income</b>			
Revenue from operations	19	9,332.44	4,965.98
Other income	20	1,162.53	329.74
<b>Total Income (I)</b>		<b>10,494.97</b>	<b>5,295.72</b>
<b>Expenses</b>			
Employee benefits expense	21	5,514.05	3,790.09
Finance costs	22	34.80	6.73
Other expenses	23	1,389.64	1,021.03
Depreciation and amortisation expense		66.55	46.26
<b>Total Expenses (II)</b>		<b>7,005.04</b>	<b>4,864.11</b>
Profit before tax (III)=(I)-(II)		3,489.93	431.61
<b>Tax Expense (IV)</b>			
Current Tax		779.93	83.03
MAT credit entitlement		(485.88)	(73.86)
Deferred Tax		(44.12)	(155.82)
<b>Net profit for the year (V)=(III)-(IV)</b>		<b>3,240.00</b>	<b>578.26</b>
<b>Other Comprehensive Income (VI)</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit Plans		(50.15)	22.31
<b>Total Comprehensive Income for the year (V)+(VI)</b>		<b>3,189.85</b>	<b>600.57</b>
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic earnings per equity share (₹)		6.41	1.17
Diluted earnings per equity share (₹)		6.41	1.17
Summary of significant accounting policies			
The accompanying notes form an integral part of the financial statements			

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.: 109982W

**Firdosh D. Buchia**

Partner

Membership No. 38332

Place: Vadodara

Date : May 02, 2018

**For and on behalf of the Board of Directors of  
L&T Capital Markets Limited**

**Dinanath Dubhashi**

Chairperson

DIN : 03545900

**Urvashi Singh**

Company Secretary

Place: Mumbai

Date : May 02, 2018

**Rahul Mehta**

Head-Accounts (CFO)

# Cash Flow Statement for the year ended March 31, 2018

(₹ In lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	3,489.93	431.61
Other comprehensive Income	(50.15)	22.31
	<b>3,439.78</b>	<b>453.92</b>
<b>Adjustments for:</b>		
Foreign - Exchange Gain/Loss	(3.82)	14.83
Loss on sale of fixed assets	1.00	2.49
Provision for gratuity	116.20	22.36
Provision for leave benefits	87.34	122.19
Interest received on ICD	(39.30)	-
Profit on sale of current investments (net)	(25.66)	(23.41)
Depreciation on tangible & intangible assets	66.55	46.26
Fixed assets transferred to the employees	5.66	-
Provision for clawback	-	15.00
Provision/(Reversal) For Doubtful Debtor	(17.45)	25.50
Write back (net)	(5.87)	-
Interest paid on ICD	3.48	-
ESOP Expenses	235.20	49.31
	423.33	274.53
<b>Operating loss before working capital changes</b>	<b>3,863.11</b>	<b>728.45</b>
<b>Movements in working capital</b>		
(Increase) / decrease in long term loans and advances	132.60	44.52
(Increase) / decrease in short term loans and advances	(146.70)	(69.39)
(Increase) / decrease in trade receivables	(1,893.28)	(568.56)
(Increase) / decrease in Other Assets	70.19	7.27
Increase / (decrease) in other current liabilities and provisions	922.63	151.01
	(914.56)	(435.15)
Cash used in operating activities	2,948.55	293.30
Direct taxes paid	(214.65)	(46.94)
<b>Net cash generated from/ (used in) operating activities (A)</b>	<b>2,733.90</b>	<b>246.36</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible & intangible assets	(136.96)	(59.77)
Capital WIP	15.36	-
Sale of tangible & intangible assets	0.58	6.82
Inter corporate deposits placed	(14,161.00)	-
Inter corporate deposits matured	14,161.00	-
Interest received on Inter corporate deposits	39.30	-
Purchase of current investments	(49,570.55)	(5,047.00)
Proceeds on sale of current investments	47,389.90	5,090.36
<b>Net cash from/(used in) investing activities (B)</b>	<b>(2,262.37)</b>	<b>(9.59)</b>

# Cash Flow Statement for the year ended March 31, 2018

(₹ In lakh)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flows from financing activities</b>		
Inter corporate deposits borrowed	1,652.00	-
Inter corporate deposits repaid	(1,652.00)	-
Interest on Inter corporate borrowings	(3.48)	-
Proceeds from issue of share capital	-	200.00
<b>Net cash from/ (used in) financing activities (C)</b>	<b>(3.48)</b>	<b>200.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>468.05</b>	<b>436.77</b>
Cash and cash equivalents as at beginning of the year	542.21	120.27
Add: Cash and cash equivalent transferred pursuant on merger	2.88	-
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(13.23)	(14.83)
<b>Cash and cash equivalents as at end of the year</b>	<b>999.91</b>	<b>542.21</b>
<b>Cash and cash equivalents comprises of:</b>		
Cash on hand	0.30	0.30
Balance with bank	274.61	541.91
Fixed Deposit	725.00	-
<b>Total cash and cash equivalents (refer note 7)</b>	<b>999.91</b>	<b>542.21</b>

## Notes:

- Cash flow statement has been prepared under indirect method as set out in the Indian Accounting Standard (IND AS) 7 Statement of Cash Flows .
- Cash and cash equivalents represent cash, bank balances and deposit with maturity period of less than 3 months.
- Effective April 1, 2017, the Company adopted the amendment to Ind AS 7 – Statement of Cash Flows, which requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cashflows and non-cash items. This would require disclosure of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities. The adoption of this amendment did not have a material impact on the financial statements.
- Previous year figures have been regrouped wherever applicable.

As per our report attached

### SHARP & TANNAN

Chartered Accountants

Firm's Registration No.: 109982W

### Firdosh D. Buchia

Partner

Membership No. 38332

Place: Vadodara

Date : May 02, 2018

### For and on behalf of the Board of Directors of L&T Capital Markets Limited

### Dinanath Dubhashi

Chairperson

DIN : 03545900

### Urvashi Singh

Company Secretary

Place: Mumbai

Date : May 02, 2018

### Rahul Mehta

Head-Accounts (CFO)

# Statement of change in equity as at March 31, 2018

## a. Equity Share Capital

(₹ In lakh)

Balance as at April 1, 2017	Change during year*	Balance as at March 31, 2018
4,975.00	256.20	5,231.20

\* The shares have been issued during FY 2017-18 pursuant to merger with L&T Access Distribution Services Limited

Balance as at April 1, 2016	Change during year	Balance as at March 31, 2017
4,775.00	200.00	4,975.00

## b. Other Equity

(₹ In lakh)

Particulars	Retained Earnings	ESOP	Capital reserve	Total
<b>Balance as at April 1, 2017</b>	<b>(3,609.06)</b>	<b>191.55</b>	<b>-</b>	<b>(3,417.51)</b>
Add: Total Comprehensive Income for the year	3,189.85	-	-	3,189.85
Add: Transfer during the year	-	235.20	-	235.20
Add: Transfer on account of merger	(1,821.92)	4.22	1,878.80	61.10
<b>Balance as at March 31, 2018</b>	<b>(2,241.13)</b>	<b>430.97</b>	<b>1,878.80</b>	<b>68.64</b>

(₹ In lakh)

Particulars	Retained Earnings	ESOP	Total
<b>Balance as at April 1, 2016</b>	<b>(4,209.63)</b>	<b>142.24</b>	<b>(4,067.39)</b>
Add: Total Comprehensive Income for the year	600.57	-	600.57
Add: Transfer during the year	-	49.31	49.31
<b>Balance as at March 31, 2017</b>	<b>(3,609.06)</b>	<b>191.55</b>	<b>(3,417.51)</b>

Summary of significant accounting policies

The accompanying notes form an integral part of the financial statements

As per our report attached

### SHARP & TANNAN

Chartered Accountants

Firm's Registration No.: 109982W

### Firdosh D. Buchia

Partner

Membership No. 38332

Place: Vadodara

Date : May 02, 2018

### For and on behalf of the Board of Directors of L&T Capital Markets Limited

### Dinanath Dubhashi

Chairperson

DIN : 03545900

### Urvashi Singh

Company Secretary

Place: Mumbai

Date : May 02, 2018

### Rahul Mehta

Head-Accounts (CFO)

# Notes to the Financial Statements for the year ended March 31, 2018

## 1 Background

L&T Capital Markets Limited (the 'Company') is a public company domiciled in India and incorporated on February 7, 2013 under the provisions of the Companies Act, 1956. The principal shareholder of the Company as at March 31, 2018 is L&T Finance Holdings Limited.

The Company's principal activity is distribution of third party investment products and investment advisory services to corporates and high networth individuals.

## 2 Summary of Significant Accounting Policies

### 2.1 Basis of Preparation

#### a. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of section 133 read with section 469 of the Companies Act, 2013.

Up to year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of I-GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

The date of transition to Ind AS is April 1, 2015.

#### b. Basis of accounting

The Company maintains accounts on accrual basis following the historical cost convention except for certain financial instruments that are measured at fair values in accordance with Ind AS. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost.

Fair value measurements under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices

(unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date;

- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

#### c. Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the Division II of schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

The financial statements are presented in Indian Rupees and all values are rounded off to nearest lacs. Per share data are presented in Indian Rupees to two decimal places.

### 2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of its business model test and contractual cash flows characteristics.

# Notes to the Financial Statements for the year ended March 31, 2018

The gains/losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

## **(b) Financial Liabilities**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

## **2.3 Share Capital**

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

## **2.4 Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from sale of property, plant and equipment are measured as difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss

## **2.5 Depreciation on Property, plant and equipment**

Depreciation on Property, plant and equipment is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management. Leasehold improvements are amortised over the primary lease period. Property, plant and equipment costing up to Rs.5,000 individually are depreciated fully in the year of purchase.

## **2.6 Intangible Assets and Amortization**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated

impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

## **2.7 Impairment on Property, plant and equipment and Intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net price and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## **2.8 Leases (where the company is lessee)**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

## **2.9 Employee benefits**

### **Short term**

Short term employee benefits include salaries, allowances and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to

# Notes to the Financial Statements for the year ended March 31, 2018

be paid over the period of service rendered by the employees to the Company.

## **Long term**

The Company offers its employees long term benefits by way of defined contribution and defined benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, by the Company along with its employees.

### **(a) Defined contribution plans - Provident Fund and Family Pension Fund**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the Employees' Provident Fund and Family Pension Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

### **(b) Defined benefit plans - Gratuity**

Expenses for defined benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employees' working life using the projected unit credit method. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceed the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of

plan assets. This cost is included in finance cost in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income in the year in which they arise.

### **(c) Compensated Absences**

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such year, the benefit is measured as present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on the basis of independent actuarial valuation using the projected unit credit method. The Company records an obligation for such compensated absences in the period in which the employee renders the services. The obligations are classified as current and are presented as short term provisions since the company does not have an unconditional right to defer settlement for at least months after the reporting period, regardless of when the actual settlement is expected to occur.

### **(d) Employee Stock Options schemes**

The Employee Stock Options Scheme ("the Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The cost incurred by the holding company, in respect of options granted to employees of the

# Notes to the Financial Statements for the year ended March 31, 2018

Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company.

## 2.10 Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below:

### (a) Dividend income

Dividend income is recognised when the right to receive payment is established.

### (b) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

### (c) Profit or loss on Sale of Investments

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a First in First out basis.

## 2.11 Claw-back Provision

Claw-back means recovery of upfront commission on distribution of units of mutual fund. Claw-back occurs when invested money is redeemed/switched out to any other mutual fund scheme or "Direct Plan" before completion of exit load period. Such recovery is made on a pro-rata basis, depending upon the number of days for which the investment continued in the fund before being redeemed/switched out.

Provision towards such claw-back of the upfront commission on distribution of units of mutual fund is made based on management estimate of premature redemption of the mutual fund units by the clients.

## 2.12 Foreign Currency Transactions

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of

transaction.

Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

Exchange difference arising on the settlement of monetary items or on the restatement of company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous year financial statement are recognized as income or as expenses in the year in which they arise.

## 2.13 Overhead Support Charges

Overhead support charges represent common costs allocated by group companies pursuant to cost sharing agreements.

## 2.14 Income Taxes

Income taxes are accounted for in accordance with Ind AS 12 "Income Taxes". Tax expense comprises both current tax and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

## 2.15 Provisions, Contingent Liabilities & Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent Liabilities are disclosed by way of notes to Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved. And same is disclosed in case of

1. A present obligation arising from past events, when it is not probable that an outflow

# Notes to the Financial Statements for the year ended March 31, 2018

of resources will be required to settle the obligation.

2. A present obligation arising from the past events, when no reliable estimate is possible.

Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## 2.16 Earning Per Share

Basic earning per shares is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares.

## 2.17 Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

## 2.18 Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Under the indirect method, the net profit is adjusted for the effects of:

1. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
2. non-cash items such as depreciation, provisions, deferred taxes and
3. all other items for which the cash effects are investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not

available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

## 2.19 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

1. Estimated amount of contracts remaining to be executed on capital account are not provided for
2. Uncalled liability on shares and other investments partly paid
3. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

## 3 Critical Estimates and Judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Accounting estimates could change from period to period. Actual results could differ from these estimates and the differences between the actual results. The estimates are recognised in the periods in which the results are known/materialise.

The areas involving critical estimates or judgements are:

- (i) Estimation of current tax expense, payable and tax credits - There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Notes to the Financial Statements for the year ended March 31, 2018

## 4 Property, Plant and Equipment & Intangible assets

Particulars	Gross Block (at cost)		Depreciation / Amortisation		Net Block	
	As at April 1, 2017	Addition due to Adjustments merger	As at April 1, 2017	Charge for the period due to Adjustments merger	As at March 31, 2018	As at March 31, 2017
<b>Property, Plant and Equipment</b>						
Computers	65.50	0.09	42.37	7.84	7.50	23.13
Furniture and fixtures	10.93	14.32	1.81	2.13	3.94	9.12
Vehicle	-	39.60	-	7.05	7.05	-
Office equipments	11.15	4.91	5.22	3.47	8.69	5.93
Leasehold improvements	14.95	41.90	14.68	9.87	24.55	0.27
<b>(A)</b>	<b>102.53</b>	<b>100.82</b>	<b>64.08</b>	<b>37.34</b>	<b>51.73</b>	<b>38.45</b>
<b>Intangible Assets</b>						
Software	71.61	36.15	29.30	29.21	58.62	42.31
<b>(B)</b>	<b>71.61</b>	<b>36.15</b>	<b>29.30</b>	<b>29.21</b>	<b>58.62</b>	<b>42.31</b>
<b>Total (A+B)</b>	<b>174.14</b>	<b>136.97</b>	<b>93.38</b>	<b>66.55</b>	<b>110.35</b>	<b>80.76</b>
Previous year	139.26	52.24	55.17	46.26	93.38	
Add : Capital Work-in-Progress						
					3.12	18.47
					149.63	99.23

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ In lakh)

<b>5 Long-term loans and advances</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Unsecured, considered good (unless otherwise stated)		
Security deposits	58.70	47.55
Advance income tax	-	96.36
MAT Credit Entitlement	559.85	73.86
<b>Total</b>	<b>618.55</b>	<b>217.77</b>

(₹ In lakh)

<b>6 Current investments</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Current investments (valued at lower of cost and fair value; unless stated otherwise)		
Unquoted mutual funds		
L&T Liquid Fund	2,793.26	512.24
No. of units: 117,222.236 (March 31, 2017: 22,970.130)		
<b>Total</b>	<b>2,793.26</b>	<b>512.24</b>
Notes:		
a) Aggregate amount of unquoted investments	2,793.26	512.24
b) Aggregate amount of quoted investments	-	-

(₹ In lakh)

<b>7 Cash and cash equivalents</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Cash on hand	0.30	0.30
Balances with banks -		
In current accounts	274.61	541.91
In fixed deposits with original maturity less than 3 months	725.00	-
<b>Total</b>	<b>999.91</b>	<b>542.21</b>

(₹ In lakh)

<b>8 Short term loans and advances</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Unsecured, considered good (unless otherwise stated)		
Loans and advances to related parties	15.45	65.60
Others		
Input credit available	-	4.15
<b>Total</b>	<b>15.45</b>	<b>69.75</b>

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ In lakh)

9 Trade receivables	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good (unless otherwise stated)		
Debts outstanding for a period exceeding six months	21.37	34.93
Less: Provision for bad and doubtful debts	(21.37)	(34.93)
	-	-
Others	2,944.01	1,010.37
<b>Total</b>	<b>2,944.01</b>	<b>1,010.37</b>

(₹ In lakh)

10 Other assets	As at March 31, 2018	As at March 31, 2017
Recoverable from employee	37.10	8.81
<b>Total</b>	<b>37.10</b>	<b>8.81</b>

(₹ In lakh)

11 Other current assets	As at March 31, 2018	As at March 31, 2017
Advance for expenses	52.51	26.68
Prepaid expenses	174.60	23.16
GST Refund Receivable	21.32	-
Others	2.18	0.01
<b>Total</b>	<b>250.61</b>	<b>49.85</b>

(₹ In lakh)

12 Deferred tax assets / (liability)	As at March 31, 2018	As at March 31, 2017
Deferred tax assets / (liability)	198.41	154.40
<b>Total</b>	<b>198.41</b>	<b>154.40</b>

(₹ In lakh)

13 Share capital	As at March 31, 2018		As at March 31, 2017	
Particulars	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	76,500,000	7,650.00	55,000,000	5,500.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10 each fully paid up	52,312,000	5,231.20	49,750,000	4,975.00
<b>Total</b>	<b>52,312,000</b>	<b>5,231.20</b>	<b>49,750,000</b>	<b>4,975.00</b>

# Notes to the Financial Statements for the year ended March 31, 2018

## (a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year

(₹ In lakh)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	49,750,000	4,975.00	47,750,000	4,775.00
Add : Shares issued during the year*	2,562,000	256.20	2,000,000	200.00
<b>Balance at the end of the year</b>	<b>52,312,000</b>	<b>5,231.20</b>	<b>49,750,000</b>	<b>4,975.00</b>

\*The shares have been issued during FY 2017-18 pursuant to merger with L&T Access Distribution Services Limited

(b) 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 proposed by the Board of Directors is subject to approval of the shareholder in the ensuing Annual General Meeting. 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.

## (c) Shares in the Company held by the holding company

52,312,000 Equity Shares as at March 31, 2018 (March 31, 2017: 49,750,000 shares) are held by L&T Finance Holdings Limited, the holding company including 6 Equity Shares held by nominees of the holding company where the beneficial ownership is with the holding company.

## (d) Shares in the Company held by shareholders more than 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer note c above)	52,312,000	100%	49,750,000	100%

(e) There are no shares allotted for consideration other than cash during 5 years immediately preceding 31st March 2018.

There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding 31st March 2018.

There are no shares bought back during 5 years immediately preceding 31st March 2018.

(₹ In lakh)

## 14 Retained Earnings

	As at March 31, 2018	As at March 31, 2017
<b>a. Capital Reserve</b>		
Balance as at the beginning of the year	-	-
Add: Transfer on account of merger	1,878.80	-
<b>Balance at the end of the year</b>	<b>1,878.80</b>	<b>-</b>
<b>b. ESOP</b>		
Balance as at the beginning of the year	191.55	142.24
Add: Transfer during the year	235.20	49.31
Add: Transfer on account of merger	4.22	-
<b>Balance at the end of the year</b>	<b>430.97</b>	<b>191.55</b>

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ In lakh)

<b>14 Retained Earnings (Contd.)</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>c. Surplus / (deficit) in statement of profit and loss</b>		
Balance as at the beginning of the year	(3,609.06)	(4,209.63)
Add: Transfer on account of merger	(1,821.92)	-
Add : Net profit/(loss) for the year	3,189.85	600.57
<b>Balance at the end of the year</b>	<b>(2,241.13)</b>	<b>(3,609.06)</b>
<b>Total</b>	<b>68.64</b>	<b>(3,417.51)</b>

(₹ In lakh)

<b>15 Long term provisions</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Provision for employee benefits		
Gratuity	239.99	130.14
<b>Total</b>	<b>239.99</b>	<b>130.14</b>

(₹ In lakh)

<b>16 Other financial liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Due to Others		
Unclaimed Cheques	1.38	1.38
Other payables	0.01	9.37
Other provisions	123.50	106.74
<b>Total</b>	<b>124.89</b>	<b>117.49</b>

(₹ In lakh)

<b>17 Other current liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Employee benefits payable	939.03	360.91
Expenses and other payable	21.82	18.53
Statutory dues payable	458.90	96.15
Advance from customer	11.65	-
Others liabilities	0.14	-
<b>Total</b>	<b>1,431.54</b>	<b>475.59</b>

(₹ In lakh)

<b>18 Short term provisions</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Provision for employee benefits		
Gratuity	16.89	-
Leave benefits	353.12	312.29
Provision for tax	514.65	45.62
Provision for claw back of mutual fund brokerage	26.01	26.01
<b>Total</b>	<b>910.67</b>	<b>383.92</b>

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ In lakh)

19 Revenue from operations	For the year ended March 31, 2018	For the year ended March 31, 2017
Brokerage and commission	7,156.97	3,769.28
Referral and other fees	2,175.47	1,196.70
<b>Total</b>	<b>9,332.44</b>	<b>4,965.98</b>

(₹ In lakh)

20 Other income	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit on sale of investment/ gain on fair valuation	25.66	23.41
Other income	1,131.00	306.33
Write back (net)	5.87	-
<b>Total</b>	<b>1,162.53</b>	<b>329.74</b>

(₹ In lakh)

21 Employee benefits expense	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	4,459.53	3,388.91
Staff welfare	215.84	61.84
Contribution to provident and other funds		
Provident fund	361.59	137.08
Other funds	355.02	42.12
Gratuity	56.54	37.94
Leave benefits	65.53	122.19
<b>Total</b>	<b>5,514.05</b>	<b>3,790.08</b>

(₹ In lakh)

22 Finance costs	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest paid on inter-company deposits	3.48	-
Interest cost Ind AS 19 - Gratuity	9.51	6.73
Interest cost Ind AS 19 - Leave encashment	21.81	-
<b>Total</b>	<b>34.80</b>	<b>6.73</b>

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ In lakh)

23 Other expenses	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	279.96	171.21
Rates and taxes	17.68	33.94
Legal and professional fees	270.23	159.84
Travelling and conveyance	224.46	99.83
Repairs and maintenance	116.33	70.17
Electricity charges	3.73	10.61
Printing and stationery	5.85	14.55
Membership and subscription	47.98	39.97
Management support charges	33.00	-
Communication charges	49.48	40.89
Software running expenses	117.72	157.69
Training and recruitment expenses	88.87	8.34
Business promotion	42.68	37.91
Auditor's remuneration (refer details below)	12.35	13.14
Referral fees paid	33.65	56.55
Directors sitting fees	3.20	6.21
Loss on sale of fixed assets	1.00	2.49
Foreign - Exchange (Gain)/Loss	(3.82)	14.83
Provision/(reversal) For doubtful debt	(17.45)	34.93
Write off	-	25.50
Brand license fees	12.03	4.00
Donation	21.81	-
Miscellaneous expenses	28.90	18.43
<b>Total</b>	<b>1,389.64</b>	<b>1,021.03</b>
<b>Payment to the auditor as</b>		
auditor	5.00	4.50
for taxation matters	1.00	1.00
for limited review	2.95	2.25
for other fees ( incl. reimbursement of expenses)	3.40	5.39
<b>Total</b>	<b>12.35</b>	<b>13.14</b>

# Notes to the Financial Statements for the year ended March 31, 2018

## 24 Fair value measurement

### a) Classification of Financial Assets and Financial Liabilities (₹ In lakh)

Financial instruments by category	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>						
Security deposits	-	-	58.70	-	-	47.55
Investments in units of mutual funds	2,793.26	-	-	512.24	-	-
Advances recoverable in cash- Others	-	-	37.10	-	-	8.81
Trade receivables (incl. related party)	-	-	2,944.01	-	-	1,010.37
Cash and cash equivalents	-	-	999.91	-	-	542.21
Loans and advances to related parties	-	-	15.45	-	-	65.60
<b>Total Financial Assets</b>	<b>2,793.26</b>	<b>-</b>	<b>4,055.17</b>	<b>512.24</b>	<b>-</b>	<b>1,674.54</b>
<b>Financial Liabilities</b>						
Other financial liabilities	-	-	124.89	-	-	117.49
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>124.89</b>	<b>-</b>	<b>-</b>	<b>117.49</b>

### b) Items of Income, expense, gains or losses (₹ In lakh)

Particulars	FY 2018-19	FY 2017-18
<b>Net (gain)/losses on financial assets and financial liabilities</b>		
<u>Financial assets measured at amortised cost</u>		
Allowance/ (reversal) for expected credit loss during the year	(17.45)	-
Provision for doubtful debts recorded pursuant to merger with L&T Access Distribution Ltd.	3.89	34.93
Bad debts written off/ (written back)	(5.87)	25.50
<u>Financial liabilities measured at amortised cost</u>		
Exchange differences (gain)/loss on re-valuation or settlement of items denominated in foreign currency (creditors, borrowing availed, etc)	(3.82)	14.83
<u>Mandatorily measured at fair value through P&amp;L</u>		
(Gain)/loss on fair valuation or sale of investment in mutual fund units	(25.66)	(23.41)
<b>Interest Revenue</b>		
<u>Financial assets measured at amortised cost</u>		
From ICD	39.30	-
FS Business	-	0.30

### c) Maturity profile of Financial Liabilities (Amount at undiscounted value) (₹ In lakh)

Financial instruments by category	March 31, 2018			March 31, 2017		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Other financial liabilities	124.89	-	124.89	117.49	-	117.49
<b>Total Financial Liabilities</b>	<b>124.89</b>	<b>-</b>	<b>124.89</b>	<b>117.49</b>	<b>-</b>	<b>117.49</b>

# Notes to the Financial Statements for the year ended March 31, 2018

## d) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In lakh)

Financial Assets and Liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
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### Financial Assets

Financial Investments at FVTPL	6				
Mutual funds- growth plan					
At March 31, 2018		2,793.26	-	-	<b>2,793.26</b>
At March 31, 2017		512.24	-	-	<b>512.24</b>

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between level 1 and level 2 and level 3 during the year.

### (ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

## e) ECL Reconciliation on Trade Receivable

(₹ In lakh)

Particulars	FY 2017-18	FY 2016-17
<b>Provision for doubtful debts</b>		
Opening Balance	34.93	-
Provision for doubtful debts recorded pursuant to merger with L&T Access Distribution Ltd.	3.89	-
Additional/(reversal) of provision	(17.45)	34.93
Change in loss allowance (provision for doubtful debts)	(13.56)	34.93
Closing Balance	(21.37)	34.93

## f) Asset carried at fair value through OCI and Profit and Loss

(₹ In lakh)

Particulars	FY 2017-18	FY 2016-17
<b>A. Assets carried at fair value through Profit and Loss</b>		
a. Investment in Mutual fund (impact of increase)	27.93	5.12
Liquid mutual funds- Interest rate increased by 1%	27.93	5.12
b. Investment in Mutual fund (impact of decrease)	(27.93)	(5.12)
Liquid mutual funds- Interest rate decreased by 1%	(27.93)	(5.12)

# Notes to the Financial Statements for the year ended March 31, 2018

- 25** Pursuant to the Employees Stock Options Scheme established by L&T Finance Holdings Limited ("the holding company"), stock options were granted to the employees of the Company during the financial year 2013-14.

The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company amounting to ₹ 235.20 lakh during the year ended 31 March 2018 (₹ 49.31 lakh during the year ended 31 March 2017).

- 26 Disclosure as required under Indian Accounting Standard –19 on “Employee Benefits” is as under:**

## Gratuity

The following disclosures have been set out in accordance with the requirements of Indian Accounting Standard 19 on “Employee Benefits”.

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:

- a) The amounts recognised in Balance Sheet are as follows: (₹ in lakh)

Particulars	March 31, 2018	March 31, 2017
Present value of defined benefit obligation	256.88	130.14
– Wholly funded	-	-
– Wholly unfunded	256.88	130.14
Less: Fair value of plan assets	-	-
<b>Amount to be recognised as liability or (asset)</b>	<b>256.88</b>	<b>130.14</b>
Amounts reflected in the Balance Sheet		
Liabilities	256.88	130.14
Assets	-	-
<b>Net liability/(asset)</b>	<b>256.88</b>	<b>130.14</b>

- b) Change in the present value of the defined benefit obligation are as follows: (₹ in lakh)

Particulars	March 31, 2018	March 31, 2017
Opening Present Value of Obligation	130.14	86.18
Current Service Cost	56.54	37.93
Interest Cost on Defined Benefit Obligation	9.51	6.74
Actuarial Losses/(Gain) recognise to Other comprehensive income	50.15	(22.31)
Liabilities assumed on Acquisition/(Settled on Divestiture)	14.06	24.20
Benefits paid	(3.52)	(2.60)
Closing present value of obligation	256.88	130.14
<b>Liability recognised in the Balance Sheet</b>	<b>256.88</b>	<b>130.14</b>

# Notes to the Financial Statements for the year ended March 31, 2018

- c) Expenses recognized in the Statement of Profit and Loss and Other Comprehensive Income (₹ in lakh)

Particulars	March 31, 2018	March 31, 2017
Current Service Cost	56.54	37.93
Interest Cost	9.51	6.74
<b>Total amount recognised in profit &amp; loss</b>	<b>66.05</b>	<b>44.67</b>
Remeasurement during the period resulted in:		
Actuarial (gains)/losses arising from changes in demographic assumptions	(26.74)	-
Impact of changes in financial assumptions	44.51	8.72
Impact of experience adjustments	32.38	(31.03)
<b>Total amount recognised in other comprehensive income</b>	<b>50.15</b>	<b>(22.31)</b>
<b>Total amount recognised</b>	<b>116.20</b>	<b>22.36</b>

- d) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Particulars	2017-18	2016-17
Discount Rate (per annum)	7.60%	7.35%
Salary Escalation Rate (per annum)	9.00%	6.00%
Attrition Rate (per annum)	0%-25%	1%-2%
Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

- e) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2017-18	2016-17	2017-18	2016-17
Impact of change in salary growth rate	19.47	19.33	(17.57)	(17.70)
Impact of change in discount rate	(17.65)	(17.43)	19.93	19.20

- f) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	March 31, 2018	March 31, 2017
Gratuity Plan	7.29	14.04

# Notes to the Financial Statements for the year ended March 31, 2018

## 27 Related party disclosure

Disclosure as required by IND AS – 24 “Related Party Disclosure” notified under Companies Act, 2013 is as follows:

### (a) List of related parties:

#### A. Ultimate Holding Company

Larsen & Toubro Limited

#### B. Holding Company

L&T Finance Holdings Limited

#### C. Fellow Subsidiaries

L&T Finance Limited

L&T Financial Consultants Limited

L&T Housing Finance Ltd

L&T Investment Management Limited

Larsen & Toubro Ltd (Realty Div)

L&T Infrastructure Finance Company Ltd.

L&T Construction Equipment Ltd

L&T Infotech Limited

L&T Capital Company Limited

#### D. Fellow Joint Venture

L&T-MHPS Boilers Private Limited

#### E. Key Management Personnel

Mr. Manoj Shenoy - Chief Executive Officer

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

### (b) Details of transactions with related parties

(₹ in lakh)

Sr. No.	Nature of transactions	March 31, 2018	March 31, 2017
<b>1</b>	<b>Remuneration paid - KMP</b>		
	Mr. Manoj Shenoy	269.96	218.12
<b>2</b>	<b>Subscription of Equity Shares</b>		
	L&T Finance Holdings Limited		
	Balance at the beginning of the year	4,975.00	4,775.00
	Add: Shares issued during the year	256.20	200.00
	Balance at the end of the year	5,231.20	4,975.00
<b>3</b>	<b>Fixed Assets- Purchased</b>		
	L&T Capital Company Limited*	0.00	-
	L&T Infotech Limited	3.90	-
<b>4</b>	<b>Intercorporate borrowings taken</b>		
	L&T Finance Holdings Limited	1,652.00	-

# Notes to the Financial Statements for the year ended March 31, 2018

## (b) Details of transactions with related parties (Contd.) (₹ in lakh)

Sr. No.	Nature of transactions	March 31, 2018	March 31, 2017
<b>5</b>	<b>Intercorporate borrowings repaid</b>		
	L&T Finance Holdings Limited	1,652.00	-
<b>6</b>	<b>Intercorporate borrowings given</b>		
	L&T Finance Limited	13,446.00	-
	L&T Infrastructure Finance Company Ltd.	715.00	-
<b>7</b>	<b>Intercorporate borrowings received back</b>		
	L&T Finance Limited	13,446.00	-
	L&T Infrastructure Finance Company Ltd.	715.00	-
<b>8</b>	<b>Interest on inter-company deposits paid</b>		
	L&T Finance Holdings Limited	3.48	-
<b>9</b>	<b>Interest on inter-company deposits received</b>		
	L&T Finance Limited	37.60	-
	L&T Infrastructure Finance Company Ltd.	1.70	-
<b>10</b>	<b>Management Fees paid</b>		
	L&T Finance Holdings Limited	33.00	-
<b>11</b>	<b>Rent paid</b>		
	L&T Financial Consultants Limited	151.61	22.13
	L&T Finance Limited	63.82	70.84
<b>12</b>	<b>Other expenses paid to</b>		
	Larsen & Toubro Limited	54.47	14.82
	L&T Infotech Limited	-	0.80
	L&T Finance Holdings Limited (reimbursement of expenses)	8.43	-
	L&T Financial Consultants Limited	59.72	6.23
<b>13</b>	<b>Brand license fee</b>		
	Larsen & Toubro Limited	12.03	4.01
<b>14</b>	<b>Brokerage &amp; Commission earned from</b>		
	Larsen & Toubro Ltd (Realty Div)	-	6.34
	L&T Housing Finance Ltd	-	0.72
	L&T Investment Management Limited	1,666.13	853.20
	L&T Construction Equipment Ltd	-	2.22
<b>15</b>	<b>Advisory Fees</b>		
	L&T-MHPS Boilers Private Limited	5.00	-
<b>16</b>	<b>ESOP Cost charged</b>		
	L&T Finance Holdings Limited	235.20	49.31

\* The amount is less than Rs.5000

# Notes to the Financial Statements for the year ended March 31, 2018

## (c) Amount due to/ from related parties

(₹ in lakh)

Sr. No.	Nature of transactions	March 31, 2018	March 31, 2017
<b>1</b>	<b>Account payable</b>		
	Larsen & Toubro Limited	-	19.02
	L&T Finance Limited (net)	8.21	(62.61)
	L&T Financial Consultants Limited	1.78	0.39
<b>2</b>	<b>Account receivable</b>		
	L&T Finance Limited	-	6.87
	Larsen & Toubro Ltd (Realty Div)	-	7.49
	Larsen & Toubro Limited	15.60	-
	L&T-MHPS Boilers Private Limited	5.90	-
	L&T Investment Management Limited	89.99	111.99
	L&T Housing Finance Ltd	33.68	2.99
<b>3</b>	<b>Security Deposit- Rent</b>		
	L&T Financial Consultants Limited	6.60	6.60

## 28 Segment disclosure

### a) Primary Segment (Geographic Segment)

The Company operates mainly in the business segment of Portfolio Management & Investment Advisory and hence, there is no business segment separately reportable. However, the company has identified geographic segments as its primary segment since, the above mentioned business activities are carried out in India and Outside India.

(₹ in lakh)

Sr. No.	Particulars	Year ended	
		March 31, 2018	March 31, 2017
	<b>Gross geographical segment revenue from continuing operations</b>		
a	India	7,278.69	4,144.17
b	Outside India	2,053.75	821.81
	<b>Total</b>	<b>9,332.44</b>	<b>4,965.98</b>
	Less: Inter Segment revenue	-	-
	<b>Net segment revenue from continuing operations</b>	<b>9,332.44</b>	<b>4,965.98</b>
	<b>Geographical Segment Result (Profit/(loss) before tax)</b>		
a	India	2,823.06	355.11
b	Outside India	666.87	76.50
	<b>Profit before tax</b>	<b>3,489.93</b>	<b>431.61</b>
	<b>Geographical Segment assets</b>		
a	India	6,854.12	2,176.89
b	Outside India	1,152.81	487.74
	<b>Total segment assets</b>	<b>8,006.93</b>	<b>2,664.63</b>

# Notes to the Financial Statements for the year ended March 31, 2018

(₹ in lakh)

Sr. No.	Particulars	Year ended	
		March 31, 2018 (Audited)	March 31, 2017 (Audited)
a	India	2,668.44	1,102.40
b	Outside India	38.65	4.74
	<b>Total segment liabilities</b>	<b>2,707.09</b>	<b>1,107.14</b>
	<b>Geographical Capital employed (Segment assets less segment liabilities)</b>		
a	India	4,185.68	1,074.49
b	Outside India	1,114.16	483.00
	<b>Total capital employed</b>	<b>5,299.84</b>	<b>1,557.49</b>

**29** The Company has taken premises under operating lease. Lease Payments includes ₹151.61 lakhs recognised in the Statement of Profit and Loss.

The total of future minimum lease payments under non-cancellable operating leases are :

(₹ in lakh)

Particulars	2017-18	2016-17
- Within one year	142.74	-
- Later than one year and not later than five years	646.00	-
<b>Total</b>	<b>788.74</b>	<b>-</b>

## **30 Earnings per Share**

Particulars	Unit	March 31, 2018	March 31, 2017
Net Profit/(loss) after tax	₹ in lakhs	3,240.00	578.26
Nominal value of equity shares	₹	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	50,571,244	49,256,849
Basic and diluted earnings per share	₹	6.41	1.17

## **31 Capital and other commitments**

The Company has an outstanding capital commitment amount of Rs. Nil as on March 31, 2018 (Previous year : Rs. 22.43 lakhs)

## **32 Expenditure in foreign currency**

(₹ in lakh)

Particulars	March 31, 2018	March 31, 2017
Professional fees	116.95	65.15
Salaries, wages and bonus	1,072.54	550.29
Other expenses	190.86	122.94
<b>Total</b>	<b>1,380.35</b>	<b>738.38</b>

## **33 Contingent liabilities**

Contingent liabilities as on March 31, 2018 is Nil (March 31, 2017: Nil)

# Notes to the Financial Statements for the year ended March 31, 2018

## 34 Disclosure pursuant to Ind AS 12 "Income Taxes"

- a) The major components of tax expense for the year ended March 31, 2018 and March 31, 2017

(₹ In lakh)

Sr. No.	Particulars	2017-18	2016-17
(a) i)	Profit and Loss section		
	<u>Current Income tax:</u>		
	Current income tax charge	779.93	83.03
	<u>Deferred Tax:</u>		
	Relating to origination and reversal of temporary difference	(530.00)	(229.68)
	Income tax expense reported in the statement of profit or loss	249.93	(146.65)

- b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2018 and March 31, 2017

(₹ In lakh)

Sr. No	Particulars	2017-18	2016-17
1	Profit before tax	3,489.93	431.61
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax (tax rate of 34.608%)	1,207.79	149.37
4 (a)	<u>Items of expense not deductible for tax purposes:</u>		
	Utilisation of previously unrecognised tax losses and tax offsets used during the current year to reduce current tax expense	(1,024.97)	-
	Effect of fair valuation gain	-	(1.34)
	Effect of different tax rates	-	(66.34)
	Effect of Items disallowed u/s 43B	-	(103.25)
	Difference in Book and Income tax depreciation	-	(1.20)
	Other items	67.12	(50.03)
	MAT credit	-	73.86
<b>5</b>	<b>Effective tax Rate</b>	<b>7.16%</b>	<b>(33.98%)</b>

- c) Items for which no deferred tax asset is recognised in the balance sheet

(₹ In lakh)

Sr No.	Particulars	March 31, 2018			March 31, 2017		
		Base Amount	Deferred Tax	Year of Expiry	Base Amount	Deferred Tax	Year of Expiry
	<b>Tax losses (revenue in nature) (business loss on which no tax asset is created)</b>						
	<u>Year of Loss:</u>						
	AY 2015-16	-	-	-	280.19	96.97	AY 2023-24
	AY 2016-17	-	-	-	2,250.27	778.77	AY 2024-25
	<b>Total</b>	<b>-</b>	<b>-</b>		<b>2,530.46</b>	<b>875.74</b>	

# Notes to the Financial Statements for the year ended March 31, 2018

- d) Components of Deferred Tax Assets (including MAT Credit Entitlement) / Liabilities recognised in the Balance Sheet and Profit & Loss

(₹ In lakh)

Sr No.	Particulars	Balance Sheet		Statement of Profit & Loss	
		March 31, 2018	March 31, 2017	2017-18	2016-17
(a)	Fair valuation gain (FVTPL)	0.88	0.08	0.80	(1.34)
(b)	Items disallowed u/s 43B	(102.83)	(103.25)	0.42	(103.25)
(c)	Provision for doubtful debt and advance	(6.22)	-	(6.22)	-
(d)	Difference in Book and Income tax depreciation	(8.54)	(1.20)	(7.34)	(1.20)
(e)	MAT credit	(559.74)	(73.86)	(485.88)	(73.86)
(f)	Other items	(81.81)	(50.03)	(31.78)	(50.03)
	<b>Deferred tax expense/ (income)</b>			<b>(530.00)</b>	<b>(229.68)</b>
	<b>Net deferred tax (assets) / liabilities</b>	<b>(758.26)</b>	<b>(228.26)</b>		

- e) Reconciliation of Deferred Tax Assets (including MAT Credit Entitlement) / Liabilities

(₹ In lakh)

Sr No.	Particulars	2017-18	2016-17
(a)	<b>Opening Balance of Deferred tax (assets)/liabilities on April 1</b>	<b>(228.26)</b>	<b>1.42</b>
(b)	Tax income/(expense) during the year recognised in statement of Profit and Loss in Profit & Loss section	(530.00)	(229.68)
(c)	Tax income/(expense) during the year recognised in statement of Profit and Loss under OCI section	-	-
	<b>Closing balance of Deferred tax (assets)/liabilities as on March 31</b>	<b>(758.26)</b>	<b>(228.26)</b>

## 35 Details of restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

(₹ In lakh)

Sr No.	Particulars	March 31, 2018			March 31, 2017		
		Restriction on title-Yes	Restriction on title-No	Pledged/Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/Hypothecated
1	Computer	-	11.17	-	-	65.50	-
2	Office Equipment	-	16.06	-	-	11.15	-
3	Furniture and Fixture	-	25.25	-	-	10.93	-
4	Owned Vehicle	-	39.60	-	-	-	-
5	Leasehold improvements	-	56.85	-	-	14.95	-
6	Specialised Softwares	-	107.93	-	-	71.61	-

# Notes to the Financial Statements for the year ended March 31, 2018

## 36 Dues to micro, small and medium enterprises

The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2018. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the Company.

## 37 Pursuant to order of National Company Law Tribunal, Mumbai Bench ("NCLT") dated October 18, 2017, the Scheme of Amalgamation for merger of L&T Access Distribution Services Limited (a wholly owned subsidiary of L&T Finance Holdings Limited) with L&T Capital Markets Limited is effected from November 10, 2017 with appointed date being April 01, 2017. The financial statement for the year ended 31 March 2018 includes figures of erstwhile L&T Access Distribution Services Limited. Hence, the financial statement for year ended 31 March 2018 are not comparable with that of the corresponding previous year.

The merger accounting has been done in accordance with the Pooling of Interests Method as per "The Pooling of Interests Method" of Indian Accounting Standard 103 - "Business Combinations". The Shareholders of L&T Access Distribution Services Limited have been allotted shares of the Company in the ratio of 12 shares of every 100 shares of L&T Access Distribution Services Limited as per terms of scheme of amalgamation."

## 38 Previous year figures

Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year's classification.

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### SHARP & TANNAN

Chartered Accountants  
Firm's Registration No.: 109982W  
by the hand of

### For and on behalf of the Board of Directors of L&T Capital Markets Limited

#### Firdosh D. Buchia

Partner  
Membership No. 38332

#### Dinanath Dubhashi

Chairperson  
DIN : 03545900

#### Urvashi Singh

Company Secretary

#### Rahul Mehta

Head-Accounts (CFO)

Place: Vadodara

Date : May 02, 2018

Place: Mumbai

Date : May 02, 2018