

Directors' Report

Dear Members,

Your Directors have pleasure in presenting their First Annual Report with the Audited Accounts for the Financial Year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

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

(₹ Lakhs)

Particulars	For the year ended March 31, 2013
Gross Income	Nil
Profit / (Loss) before Tax	(159.08)
Provision for Tax	Nil
Profit / (Loss) after Tax	(159.08)
Profit / (Loss) carried forward to Balance Sheet	(159.08)

PERFORMANCE OF THE COMPANY

The Company was set up in March, 2013 consequent to receipt of Certificate of Commencement of Business dated March 28, 2013 from Registrar of Companies, Maharashtra, Mumbai. During the month of March 2013, the Company also obtained the requisite registration number from the Association of Mutual Funds in India for distribution and selling of Mutual Fund schemes. Accordingly, the Company has not commenced its operations in the Financial Year ended March 31, 2013.

RESOURCES

The Authorized Capital of the Company is ₹ 500 lakhs, divided into 50,00,000 Equity Shares of ₹ 10/- each.

During the year under review, the Company had allotted 25,00,000 Equity Shares of ₹ 10/- each to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2013, the paid-up capital of your Company had increased to ₹ 255 Lakhs.

FIXED DEPOSITS

Since inception, your Company has not accepted any deposits from the public.

DIRECTORS

At present, the Board comprises of four Directors viz. Mr. Ved Prakash Chaturvedi, Mr. Joydeep Roy, Ms. Ashu Suyash and Ms. Raji Vishwanathan.

All of them are first Directors. Accordingly, none of the Directors retire by rotation at the ensuing Annual General Meeting and being eligible, all the Directors have offered themselves for re-appointment.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

Your Company has familiarized itself with the requirement of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs, Government of India. A gist of our compliance with the said guidelines is given below:

A. Remuneration of Directors

The Directors are not paid any sitting fees for attending the Meetings of the Board and / or any Committees thereof and are not drawing any remuneration from the Company.

B. Independent Directors

All the members of the Board of the Company are independent in the sense that none of them is involved in the day-to-day management of the Company.

C. Number of Companies in which an Individual may become a Director

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

D. Responsibilities of the Board

The operations of the Company are run under the supervision and the guidance of the Board.

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

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

Board discussions. The Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

E. Statutory Auditors

S R B C & Co. LLP, Chartered Accountants are the Statutory Auditors of the Company.

The Company has obtained a certificate from the auditors certifying its independence and arm's length relationship with the Company. The Company does not currently advocate rotation of Auditors as envisaged in these guidelines in view of the Auditors being appointed only in the Financial Year 2013.

F. Internal Auditor

Internal Audit Department of L&T Finance Limited provides Internal Audit services to your Company.

G. Internal Control

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

H. Secretarial Audit

The Secretarial Audit, at regular intervals, is proposed to be conducted by the Corporate Secretarial Department of Larsen & Toubro, which has competent professionals to carry out the said audit.

I. Details of related party transactions

The Board hereby states that the details of all the related party transactions, if any, form part of the accounts as required under AS-18 and the same are given in Note 17 of the financial statements.

AUDITORS

The Auditors, S R B C & Co. LLP, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, have expressed their willingness to continue as Auditors. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

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

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

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

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company. There were no foreign exchange earnings and expenditure during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS' REPORT

The Auditor's 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 clarification under Section 217(3) of the Companies Act, 1956.

COMPLIANCE CERTIFICATE:

A Secretarial Compliance Certificate required under Section 383A of the Companies Act is annexed herewith the Director's Report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the dedication and commitment of the Company's management to the growth of the Company. Their unstinted support has been and continues to be integral

to the Company's ongoing success. Your Directors also wish to thank the Central and State Governments and other Regulatory/ Government Authorities, Financial Institutions, Banks and Mutual Funds for their support.

For and on behalf of the Board

Ved Prakash Chaturvedi
(Director)

Joydeep Roy
(Director)

Mumbai, April 23, 2013

Registered Office:

L&T House,
Ballard Estate,
Mumbai - 400001

Compliance Certificate

THE MEMBERS OF

L&T Capital Markets Limited

We have examined the registers, records, books and papers of **L&T Capital Markets Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on **31st March, 2013**. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial period:

1. The Company is registered under CIN No. U67190MH2013PLC240261 with the Registrar of Companies, Maharashtra and having its Registered Office at L&T House, Narottam Morarji Marg Ballard Estate Mumbai 400001 has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns prescribed under the Act and the rules made thereunder as stated in **Annexure 'B'** to this certificate with the Registrar of Companies, Maharashtra or other authorities within the time prescribed under the Act.
3. The Company being a Public Limited Company, comments are not required
4. The Board of Directors duly met on 15th February, 2013 and the Committee Meeting of the Directors was held on 19th March, 2013 in respect of which meeting proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the period.
6. The Company was incorporated on 07th February, 2013 hence it was not required to hold any Annual General Meeting during the period under review.
7. The Company has not held any Extra Ordinary General Meeting during the financial period.
8. The Company has not advanced any loans to its directors or person or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there are no instances which are covered by the provisions of Section 314 of the Act the Company was not required to obtain any approval from the Board of Directors, Members and Central Government.
12. The Company has not issued any duplicate share certificates during the financial period.
13. The Company has:
 - (i) was not required to deliver certificates as there were no transfer or transmission of securities. However the share certificates for Equity Shares allotted on 19.03.2013 have been delivered in the subsequent financial year.
 - (ii) not deposited any amount in separate Bank Account as no dividend was declared during the financial period.
 - (iii) not required to post warrants to any member of the Company as no dividend was declared during the financial period.
 - (iv) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional director, alternate directors and directors to fill casual vacancy during the financial period.
15. The Company was not required to appoint any Managing or Whole-time Director or Manager during the period under review.
16. The Company has not appointed any sole-selling agents during the period.

17. During the period, the Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies, Maharashtra or such other authorities as are prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 25,00,000 Equity Shares during the financial period and has complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial period.
21. The Company has not issued any preference shares nor any debentures, hence there was no redemption of preference shares or debentures during the financial period
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of sections 58A during the financial period.
24. The Company has not made any borrowings during financial period under scrutiny.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept of the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the financial period under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the period under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the period under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the financial period under scrutiny.
30. The Company has not altered its Articles of Association of the Company during the financial period under scrutiny.
31. There was no prosecution initiated against the Company nor were any show cause notices received by the Company and no fines or penalties or any other punishment has been imposed on the Company during the financial period for offences, if any, under the Act.
32. The Company has not received any money as security from its employees during the financial period.
33. The Company has made an application to the appropriate authority for registration under the Employee's Provident Fund and Miscellaneous Provisions Act, 1952. Pending the Company's registration, amounts towards provident fund have been deducted but not deposited with the appropriate authority.

ALWYN D'SOUZA & Co.,
Company Secretaries
(Alwyn P D'souza FCS.5559)
(Proprietor)
Certificate of Practice No.5137

Place : Mumbai
Date : 23.04.2013

Office Address :

Annex-103, Dimple Arcade,
Asha Nagar, Kandivli (E),
Mumbai 400101.

Annexure A

Annexed to the Compliance Certificate dated 23.04.2013 Registers as maintained by the Company

- 1 Application for and Allotment of Shares Register
- 2 Register of Members U/s. 150.
- 3 Register of Charges U/s.143
- 4 Register of Transfers
- 5 Register of Directors, Managing Directors etc. U/s. 303.
- 6 Register of Directors Shareholdings U/s. 307.
- 7 Attendance Register
- 8 Register of Contracts U/s. 301.
- 9 Register of Contracts, Companies and Firms in which Directors are interested U/s. 301(3).
- 10 Board Minutes Book and General Body Minutes Book Under Section 193.
- 11 Books of Accounts U/s.209.
- 12 Register of Fixed Assets

Note :

The Company has not maintained the following registers as there were no entries / transactions to be recorded therein

1. Register of Investments under section 49(7)
2. Register of deposits under section 58A

Annexure B

Annexed to the Compliance Certificate dated 23.04.2013

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial period ending on 31st March, 2013.

1. Form No.1, Form No.18 and Form No.32 for incorporation of the Company filed with normal filing fees.
2. Form No. 20 i.e., declaration of compliance with the provisions of section 149(2)(b) of the Companies Act, 1956 filed under Section 149(2)(c) with normal filing fees.

Independent Auditors' Report

To the Members of L&T Capital Markets Limited Report on the Financial Statements

We have audited the accompanying financial statements of L&T Capital Markets Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the period February 7, 2013 to March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act

in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the period from February 7, 2013 to March 31, 2013; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period from February 7, 2013 to March 31, 2013.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; and
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **S R B C & CO LLP**

Firm registration number: 324982E

Chartered Accountants

per **Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai
April 23, 2013

Annexure to Independent Auditors' Report - March 31, 2013

Annexure referred to in our report of even date

Re: L&T Capital Markets Limited ('the Company')

- (i) The Company did not have any fixed assets during the period from February 7, 2013 to March 31, 2013; therefore the provisions of clause 4(i) of the Order, related to fixed assets, are not applicable to the Company.
- (ii) The Company has not started its operations during the period from February 7, 2013 to March 31, 2013; therefore the provisions of clause 4(ii) of the Order, related to inventory, are not applicable to the Company.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provision of clause 4 (iii)(a) to (d) of the Order are not applicable to the Company.
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provision of clause 4 (iii)(e) to (g) of the Order are not applicable to the Company.
- (iv) The Company has not started its operations and has not undertaken any transactions for purchase of fixed assets or rendering of any services during the period from February 7, 2013 to March 31, 2013. Hence, the provisions of clause 4(iv) of the Order are not applicable to the Company.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The provisions relating to internal audit are not applicable to the Company.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. As explained to us, the Company has made an application to the appropriate authority for registration under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Pending the Company's registration, amounts towards provident fund have been deducted but not deposited with the appropriate authority. The provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of investor education and protection fund, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable. As explained to us, the Company has made an application to the appropriate authority for registration under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Pending the Company's registration, amounts towards provident fund have been deducted but not deposited with the appropriate authority. The provisions of Employees' State Insurance Act, 1948 are not applicable to the Company.
(c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding to financial institution, bank or debenture holder

during the period from February 7, 2013 to March 31, 2013.

- (xii) According to the information and explanation given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Order, are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding for the period from February 7, 2013 to March 31, 2013.
- (xvii) According to the information and explanations given to us and on an overall examination of the

balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the period from February 7, 2013 to March 31, 2013.
- (xx) The Company has not raised money by public issue during the period from February 7, 2013 to March 31, 2013.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period from February 7, 2013 to March 31, 2013.

For **S R B C & CO LLP**

Firm registration number: 324982E

Chartered Accountants

per **Shrawan Jalan**

Partner

Membership No.: 102102

Mumbai

April 23, 2013

Balance Sheet as at March 31, 2013

(₹ lakh)

Particulars	Notes	As at March 31, 2013
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3	255.00
Reserves and surplus	4	(159.08)
		95.92
Non-current liabilities		
Long-term provisions	5	0.52
		0.52
Current liabilities		
Trade payables	6	109.96
Other current liabilities	7	17.13
Short-term provisions	8	0.73
		127.82
TOTAL		224.26
ASSETS		
Non-Current assets		
Long-term loans and advances	9	55.51
		55.51
Current assets		
Cash and bank balances	10	150.83
Short-term loans and advances	11	17.92
Other current assets		-
		168.75
TOTAL		224.26
Summary of significant accounting policies	2	
The accompanying notes are an integral part of the financial statements		

As per our report of even date

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

For **S R B C & CO LLP**
Chartered Accountants
Firm's Registration No. 324982E

Ved Prakash Chaturvedi
Director

Joydeep Roy
Director

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
April 23, 2013

Mumbai
April 23, 2013

Statement of Profit and Loss

for the period from
February 7, 2013 to March 31, 2013

(₹ lakh)

Particulars	Notes	For the period from February 7, 2013 to March 31, 2013
INCOME		
Revenue from operations		-
Total Revenue (I)		-
EXPENSES		
Employee benefit expenses	12	4.81
Finance costs	13	0.35
Other expenses	14	153.92
Total Expenses (II)		159.08
Loss before tax (III) = (I) - (II)		(159.08)
Tax expense:		
Current tax expense for current period		-
Total tax expense (IV)		-
Loss for the period (III) - (IV)		(159.08)
Earnings per equity share	18	
[nominal value of share ₹ 10]		
Basic (computed on the basis of total (loss) for the period)		(23.99)
Diluted (computed on the basis of total (loss) for the period)		(23.99)
Summary of significant accounting policies	2	
The accompanying notes are an integral part of the financial statements		

As per our report of even date

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

For S R B C & CO LLP

Chartered Accountants

Firm's Registration No. 324982E

Ved Prakash Chaturvedi

Director

Joydeep Roy

Director

per Shrawan Jalan

Partner

Membership No. 102102

Mumbai

April 23, 2013

Mumbai

April 23, 2013

Cash Flow Statement

for the period from
February 7, 2013 to March 31, 2013

(₹ lakh)

Particulars	For the period from February 7, 2013 to March 31, 2013	
Cash flow from operating activities		
Loss before tax		(159.08)
Non-cash adjustments to reconcile loss before tax to net cashflows		
Provision for gratuity	0.52	
Provision for leave benefits	0.73	
		1.25
Operating loss before working capital changes		(157.83)
Movement in working capital		
Increase in short term loans and advances	(17.92)	
Increase in long term loans and advances	(55.51)	
Increase in trade and other payables	109.96	
Increase in other current liabilities	17.13	
		53.66
Net cash used in operating activities (A)		(104.17)
Net cash from investing activities (B)		-
Cash flows from financing activities		
Proceeds from issue of share capital	255.00	
Net cash from financing activities (C)		255.00
Net increase/(decrease) in cash and cash equivalents (A+B+C)		150.83
Cash and cash equivalents as at beginning of the period		-
Cash and cash equivalents as at end of the period (Refer Note 10)		150.83
Summary of significant accounting policies	Note 2	
The accompanying notes are an integral part of the financial statements		

As per our report of even date

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

For **S R B C & CO LLP**
Chartered Accountants
Firm's Registration No. 324982E

Ved Prakash Chaturvedi
Director

Joydeep Roy
Director

per Shrawan Jalan
Partner
Membership No. 102102

Mumbai
April 23, 2013

Mumbai
April 23, 2013

Notes to the Financial Statements for the period ended March 31, 2013

1 Corporate Information

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, 2013 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

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

2.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.4 Cash flow Statement

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

2.5 Impairment on tangible 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 selling 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.

2.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

2.7 Retirement and other employee benefits

Short-term

Short term employee benefits include salaries 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 be paid over the period of services rendered by the employees to the Company.

Notes to the Financial Statements for the period ended March 31, 2013

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.

Defined contribution plans

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, family pension fund and superannuation 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.

2.8 Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

2.9 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

2.10 Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

2.11 Overhead support charges

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

2.12 Leases

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.

2.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend

Notes to the Financial Statements for the period ended March 31, 2013

and attributable taxes) by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average

number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.14 Service tax input credit

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

3 Share capital

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at March 31, 2013	
	Number	(₹ Lakhs)
Authorised		
Equity shares of ₹ 10 each	5,000,000	500.00
Issued, subscribed and fully paid-up		
Equity shares of ₹ 10 each fully paid-up	2,550,000	255.00
Total	2,550,000	255.00

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

Particulars	As at March 31, 2013	
	Number	(₹ Lakhs)
Balance at the beginning of the period	-	-
Add: Shares issued during the period	2,550,000	255.00
Less: Shares bought back during the period	-	-
Balance at the end of the period	2,550,000	255.00

(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 shareholdings.

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

2,550,000 Equity Shares as at March 31, 2013 are held by L&T Finance Holdings Limited, the holding company including 6 Equity Shares as at March 31, 2013 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, 2013	
	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer footnote c above)	2,550,000	100.00%

(e) There are no shares allotted for consideration other than cash since the incorporation date.

Notes to the Financial Statements for the period ended March 31, 2013

4 Reserves and surplus

	(₹ Lakhs)
	As at March 31, 2013
Surplus/(deficit) in statement of profit and loss	-
Balance as at the beginning of the period	(159.08)
Add: Net profit/(loss) for the period	(159.08)
Balance at the end of the period	(159.08)

5 Long-term provisions

	(₹ Lakhs)
	As at March 31, 2013
Provision for employee benefits	0.52
Gratuity	0.52
Total	0.52

6 Trade payables

	(₹ Lakhs)
	As at March 31, 2013
Trade payables	109.96
Total	109.96

7 Other current liabilities

	(₹ Lakhs)
	As at March 31, 2013
Statutory dues (including provident fund, withholding taxes, etc.)	17.13
Total	17.13

8 Short-term provisions

	(₹ Lakhs)
	As at March 31, 2013
Provision for employee benefits	0.73
Provision for leave benefits	0.73
Total	0.73

9 Long-term loans and advances

	(₹ Lakhs)
	As at March 31, 2013
Unsecured, considered good (unless otherwise stated)	55.51
Security deposits	55.51
Total	55.51

10 Cash and cash equivalents

	(₹ Lakhs)
	As at March 31, 2013
Cash on hand	-
Balances with banks - in current accounts	150.83
Total	150.83

Notes to the Financial Statements for the period ended March 31, 2013

11 Short-term loans and advances

	(₹ Lakhs)
	As at March 31, 2013
Unsecured, considered good (unless otherwise stated)	
Other loans and advances -	
Cenvat credit	17.92
Total	17.92

12 Employee benefit expenses

	(₹ Lakhs)
	For the period from February 7, 2013 to March 31, 2013
Salaries, wages and bonus	4.15
Contribution to provident and other funds	
Provident fund	0.14
Gratuity	0.52
Total	4.81

13 Finance costs

	(₹ Lakhs)
	For the period from February 7, 2013 to March 31, 2013
Interest paid on inter-company deposits	0.35
Bank charges	0.001
Total	0.35

14 Other expenses

	(₹ Lakhs)
	For the period from February 7, 2013 to March 31, 2013
Rent	12.33
Overhead support charges from group companies (refer note 2.11)	131.03
Rates and taxes	8.91
Legal and professional fees	0.48
Travelling and conveyance	0.17
Auditors' remuneration towards	
Statutory audit	1.00
Total	153.92

15 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the period ended March 31, 2013, no supplier is getting covered under MSMED.

16 Operating leases

The Company has one cancellable operating lease for premises, with escalation clauses.

Lease payments recognised in the statement of profit and loss during the period ₹ 12.33 lacs

Notes to the Financial Statements for the period ended March 31, 2013

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	(₹ Lakhs) As at March 31, 2013
Within one year	24.67
After one year but not more than five years	-
More than five years	-

17 Related party disclosure

Disclosure as required by AS – 18 "Related Party Disclosure" notified under Companies Act, 1956 is as follows:

A Name of the related parties where control exists and description of relationship

(i) Ultimate Holding Company	Larsen & Toubro Limited
(ii) Holding Company	L&T Finance Holdings Limited
(iii) Fellow subsidiary (subsidiary of holding company)	L&T Finance Limited
(iv) Subsidiary of the ultimate holding company	L&T Capital Company Limited

(Note: Related parties have been identified by the Management)

B Details of transactions with related parties

Particulars	L&T Finance Holdings Company Limited	L&T Finance Limited	L&T Capital Company Limited	Larsen & Toubro Limited	Total
Nature of transaction					
Subscription of equity shares	255.00	-	-		255.00
Overhead support charges		23.94	107.09		131.03
Group travelling & lodging expenses from L&T				0.17	0.17
Short-term loans and advances taken		55.51			55.51
Interest on inter-company deposits		0.35			0.35
Reimbursement of rates and taxes	4.63				4.63
Balance outstanding as at end of the period					
Payables	-	-	108.30	0.17	108.47

18 Earnings per Share

Particulars	Unit	For the period ended March 31, 2013
Net loss after tax	₹ lakh	(159.08)
Nominal value of equity shares	₹	10
Weighted average equity shares for basic and diluted earnings per share	No.	663,208
Basic and diluted earnings per share	₹	(23.99)

19 Since the Company was incorporated on February 7, 2013, the financial statements of the company are prepared for the period beginning February 7, 2013 and ending on March 31, 2013.

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

Ved Prakash Chaturvedi
Director

Joydeep Roy
Director

Mumbai
April 23, 2013