

# Board's Report

## Dear Members,

The Directors of your Company have pleasure in presenting the Third Annual Report including the audited financial statement for the financial year ended March 31, 2015.

## FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31, 2015 as compared to the previous financial year ended March 31, 2014 is given below:

(₹ in Lakh)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Total Income	3,341.09	1,814.10
Less: Total Expenses	3,752.82	2,948.43
Profit/ (Loss) before Tax	(411.73)	(1,134.33)
Provision for Tax	-	-
Deferred tax	-	-
Profit/ (Loss) after Tax	(411.73)	(1,134.33)
Add: Balance brought forward from previous years	-	-
<b>Net Profit / (Loss) in the Statement of Profit and Loss</b>	<b>(411.73)</b>	<b>(1,134.33)</b>

## 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 this financial statement relate and the date of this Report.

## DIVIDEND

No Dividend was declared for the current financial year due to the loss incurred by the Company.

## PERFORMANCE OF THE COMPANY

### ❖ Financial Performance

- The Company, in the third year of its operations, has shown progressing performance which is depicted by an increase in operating income by 83% as compared to the previous year. The major contributor was the Mutual Fund income.

- The Average Assets Under Service has increased by 43%, from ₹ 5,21,300 Lakh in the financial year 2013-14 to ₹ 7,43,800 Lakh in the financial year 2014-15
- Networth of the Company as on March 31, 2015 was ₹ 569.86 Lakh as against ₹ 381.59 Lakh as on March 31, 2014.

### ❖ Initiatives undertaken during the year

- During the year under review, the Company had applied for renewal of the Portfolio Management Services license with the Securities and Exchange Board of India ("SEBI"). The renewed Certificate of Registration was granted to the Company for a period of 3 years, which is valid upto September 15, 2017, pursuant to Regulation 9 of the SEBI (Portfolio Managers) Regulations 1993 to carry out the activities as a Portfolio Manager.
- The Company was also successful in setting up an Office in Dubai which is regulated by the Dubai Financial Services Authority as a Representative Office in Dubai International Financial Centre. The Company was registered as a Recognised Company under the Companies Law, DIFC Law No. 2 of 2009 with effect from July 7, 2014.

## SHARE CAPITAL

The Authorised Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty Crore only) divided into 3,00,00,000 Equity Shares of ₹10/- (Rupees Ten only) each.

During the financial year 2014-15, the Company had allotted 60,00,000 (Sixty Lakh) Equity Shares of ₹ 10/- each, aggregating to ₹ 6,00,00,000 (Rupees Six Crore Only) to L&T Finance Holdings Limited, Holding Company. As on March 31, 2015, the Paid-up Capital of the Company stands at ₹ 22,75,00,000/- (Rupees Twenty Two Crore Seventy Five Lakh only).

## FIXED DEPOSITS

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

## DIRECTORS

The composition of the Board is in accordance with Section 149 of the Companies Act, 2013 ("the Act"),

with an appropriate combination of Non-Executive Directors and Independent Directors. Currently, the Board comprises the following Directors:

- Mr. Thomas Mathew T., Independent Director
- Dr. (Mrs.) Rajani R. Gupte, Independent Director
- Ms. Ashu Suyash, Non-Executive Director
- Ms. Raji Vishwanathan, Non-Executive Director

During the financial year 2014-15, the following changes took place in the Board of the Company:

- **Appointment:** Mr. Thomas Mathew T. and Dr. (Mrs.) Rajani R. Gupte were appointed as Independent Directors by the Board on September 9, 2014 and March 31, 2015, having term up to September 8, 2019 and March 30, 2020, respectively. The aforesaid appointments were subject to Members' confirmation. As, Dr. (Mrs.) Gupte fulfilled the criteria for independence laid out in Section 149(6) of the Act, the Members of the Company, based on the recommendations of the Board of Directors, have at the Extra Ordinary General Meeting held on April 20, 2015 confirmed her appointment as an Independent Director on the Board of the Company. It is proposed to seek confirmation of the appointment of Mr. Thomas Mathew T. at the ensuing Annual General Meeting.
- **Cessation:** Mr. Ved Prakash Chaturvedi and Mr. Joydeep Roy, Directors of the Company, resigned from the Board with effect from September 10, 2014 and September 9, 2014, respectively, due to relinquishment of their employment with L&T Financial Services Group.

The Board places on record its appreciation of the valuable services rendered by them.

- **Retirement by Rotation**

In accordance with the provisions of Section 152(6) of the Act and Articles of Association of the Company, not less than two-third 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. One-third of such Directors for the time being are liable to retire by rotation and be appointed by the Company in the General Meeting. For the purpose of determining total number of Directors, Independent Directors

are required to be excluded. Accordingly, Ms. Raji Vishwanathan being longest in the office, will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

Terms and conditions of appointment of Independent Directors are placed on the website of the Company under the link <http://www.ltcapitalmarkets.com/public-disclosure.aspx>

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

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

Both Independent Directors have submitted the declaration of Independence, pursuant to Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in sub-section (6) of the Act and are not disqualified from continuing as Independent Directors.

#### **KEY MANAGERIAL PERSONNEL**

During the financial year 2014-15, Mr. Manoj Shenoy, Business Head of Private Wealth Business has been appointed as a Key Managerial Person with effect from January 19, 2015, to discharge the duties and responsibilities as required to be performed by a Chief Executive Officer under the Act.

In accordance with Section 2(51) and 203 of the Act, Ms. Bharti Jain, has been appointed as Company Secretary with effect from September 9, 2014.

Further, Ms. Gayatri Kamath, Head – Accounts, who was entrusted with the duties of Chief Financial Officer, resigned with effect from March 12, 2015.

Also, Mr. Ved Prakash Chaturvedi, Manager of the Company, resigned from the position with effect from September 10, 2014.

Accordingly, as at March 31, 2015, the Company has the following Key Managerial Personnel:

- 1) Mr. Manoj Shenoy – Business Head of Private Wealth Business
- 2) Ms. Bharti Jain – Company Secretary

The Board of Directors, at its Meeting held on April 21, 2015, appointed Mr. Rahul Mehta as Head – Accounts and also designated him as a Key Managerial Person, to discharge the duties and responsibilities as required to be performed by a Chief Financial Officer under the Act.

## **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES**

### **A. Background and Objectives:**

Section 178 of the Act requires the Nomination and Remuneration Committee to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel, Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board Report.

Moreover, Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director and remuneration for key managerial personnel and other employees.

In terms of the requirement of the Act and based on the recommendations of the Nomination and Remuneration Committee, the Board has framed the Policy on Directors' Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees ("**the Policy**").

### **B. Brief Framework of the Policy**

The Objective of the Policy is:

- To guide the Board in relation to appointment of Directors and removal, if any.
- To evaluate the performance of the members of the Board including Independent Directors.
- To formulate the criteria for evaluation of Independent Director and the Board.
- To determine criteria for payment of remuneration to Directors, Key Managerial Personnel, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including Key Managerial Personnel, Senior Management and Employees, if required.

### **A) Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/ Employees**

#### **Non-executive Directors/Independent Directors**

Before determining the remuneration, the Nomination and Remuneration Committee ("**the NRC**") shall carry out evaluation of performance of Independent Directors/ Non-Executive Directors, against the following criteria:

- Membership & attendance - Committee and Board Meetings;
- Contribution during such meetings;
- Active participation in strategic decision making;
- Inputs to executive management on matters of strategic importance

#### **Senior Management/Key Managerial Personnel/ Employees**

The Human Resource Department ("**HR Department**") would assign the responsibility of carrying out the evaluation of the aforementioned persons every year ending on March 31<sup>st</sup>, to the reporting superior/ department heads/ Management. Key Performance Indicators are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting superior/department head/ Management vis-à-vis the performance benchmarks. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of Evaluation process.

The HR Department of the Company is authorised to design the framework for evaluating the performance of KMPs/Senior Management Personnel/Employees. The objective of carrying out the evaluation by the Company is to identify and match rewards with performance.

#### **B) Criteria for Remuneration of Senior Management**

In determining the remuneration for Senior Management, the NRC shall ensure/ consider the following:

- 1) the relationship of remuneration and performance benchmark is clear;
- 2) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- 3) the remuneration is divided into two components

viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

- 4) the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmark and current compensation trends in the market.
- 5) The increment/ performance bonus declared shall be solely at the discretion of reporting superior/ department head(s)/ management.

### **BOARD MEETINGS**

During the financial year 2014-15, the Board of Directors of the Company duly met 5 times on April 22, 2014, July 17, 2014, September 9, 2014, October 14, 2014 and January 19, 2015.

The Agendas 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 approval.

### **COMPOSITION OF THE AUDIT COMMITTEE**

The Audit Committee comprises of Dr. (Mrs.) Rajani R. Gupte, Mr. Thomas Mathew T., and Ms. Raji Vishwanathan. The other details of the Committee are provided in the Corporate Governance report, as appended to this Report. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

### **CORPORATE GOVERNANCE**

It has always been the Company's endeavour to excel through better Corporate Governance and fair & transparent practices. The report on Corporate Governance for the year under review is appended herewith as Annexure A.

### **STATUTORY AUDITORS AND THEIR REPORT**

The Ministry of Corporate Affairs has notified the provisions of Section 139 of the Act for appointment of auditors, which is effective from April 1, 2014. Pursuant to Section 139(2) of the Act and the rules made thereunder, no listed company and companies belonging to such class as may be prescribed in the rules framed thereunder, shall appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. Further, the aforesaid appointment is

subject to ratification by Members of the Company at every Annual General Meeting ("AGM").

Accordingly, M/s. S. R. Batliboi & Co. LLP (ICAI Firm Registration No. 301003E), Chartered Accountants, who was appointed to hold office from the conclusion of Second AGM until the conclusion of Seventh AGM of the Company, subject to the ratification at every AGM, are eligible for re-appointment as per the provisions of Section 139 of the Act read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014.

Further, M/s. S. R. Batliboi & Co. LLP has confirmed that their reappointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Act and that they have subjected themselves to Peer Review process by the Institute of Chartered Accountants of India ("**ICAI**") and hold valid certificate issued by the Peer Review Board of ICAI.

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 AUDITOR AND THEIR REPORT**

From the good governance perspective, the Board has appointed Ms. Naina R. Desai, Practicing Company Secretary as Secretarial Auditor of the Company to carry out Secretarial Audit for the financial year ended March 31, 2015.

### **PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 of the Act read with Rule 5(2) 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.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Director's appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the Employees listed in the said Annexure/ Information are related to any of the Directors of the Company.

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

The Company, being a wealth management company and substantially operating from leased premises, the particulars regarding conservation of energy and technology absorption are not relevant to its activities.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Foreign Exchange earned in terms of actual inflows and outflows, is as follows:

- Actual foreign inflows – ₹ 24.81 Lakh
- Actual foreign outflows – ₹ 167.94 Lakh

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

The Company does not have any subsidiary, joint venture and associate Company, accordingly disclosures required to be made under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies is not applicable to the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
3. The Directors had 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 had prepared the annual accounts on a going concern basis;
5. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. Testing of such Control Systems forms a part of the Internal Audit ("**IA**") function. The scope and authority of the IA function is defined in the IA Charter. The IA functions are carried out by the IA department of L&T Financial Services Group.

The IA Department monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of IA function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

## VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework ("**the framework**") to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up a "Whistle Blower Investigation Committee" ("**the Committee**"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on this matter. The Chief Internal Auditor of L&T Financial Services is acting as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls and fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with the requirements of the Act, and available on the website of the Company at <http://www.ltcapitalmarkets.com/public-disclosure.aspx>.

## PARTICULARS OF LOAN GIVEN, INVESTMENT MADE GUARANTEE GIVEN AND SECURITY PROVIDED BY THE COMPANY UNDER SECTION 186 OF THE ACT

Details of Loans given, Investments made, Guarantees given and Securities provided as covered under the provisions of Section 186 of the Act are given in the notes to the financial statements, if any.

## **PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES**

The Board of Directors at its Meeting held on July 17, 2014 has approved the Policy on Related Party Transactions ("**RPT Policy**"), pursuant to the recommendation of the Audit Committee, in line with the requirements of the Act, the same is also available on the Company's website under the link <http://www.ltcapitalmarkets.com/public-disclosure.aspx>. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

Key features of the RPT Policy are as under:

- All RPT's are referred to the Audit Committee of the Company for approval/ratification, irrespective of its materiality. The Audit Committee, on the recommendation of the management, will approve/ ratify certain transactions with related parties which would occur on regular basis or at regular intervals.
- All RPT's which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel, Bodies Corporate, which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134 (3) (h) of the Act in Form AOC-2 is not applicable. The detailed statement is provided in Note to Accounts to the financial statement 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 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 right to work with dignity.

During the period under review, the Company had not received any complaint in this regard.

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

The extract of Annual Return in Form 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**

The Company has received the following licenses during the financial year 2014-15:

- Portfolio Management Services ("**PMS**") license from Securities and Exchange Board of India;
- Representative Office license from Dubai International Financial Centre ("**DIFC**").

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. Also, no penalties have been levied by any Regulators or Courts during the year under review.

## **LOAN TO PURCHASE SHARES OF THE COMPANY**

During the year under review, the Company has not given loan to any person in its employment to purchase shares of the Company. Accordingly, disclosures required to be made under Section 67(3) of the Act are not applicable to the Company.

## **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**

**Ashu Suyash  
Director**

DIN: 00494515

Mumbai

April 21, 2015

**Registered Office:**

L&T House,  
Ballard Estate,  
Mumbai - 400001

**Raji Vishawanathan  
Director**

DIN: 02680148

# Annexure A to Board's Report

## CORPORATE GOVERNANCE REPORT

### BOARD OF DIRECTORS

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company. The composition of the Board is in accordance with Section 149 of the Companies Act, 2013 ("**the Act**") and any other applicable provisions of the Act.

As on the date of the report, the Board comprises the following four Directors:

- Mr. Thomas Mathew T., Independent Director
- Dr. (Mrs.) Rajani R. Gupte, Independent Director
- Ms. Ashu Suyash, Non-Executive Director
- Ms. Raji Vishwanathan, Non-Executive Director

Mr. Thomas Mathew T. and Dr. (Mrs.) Rajani R. Gupte are Independent Directors on the Board of the Company and Ms. Ashu Suyash is the Chief Executive Officer of L&T Investment Management Limited (a fellow subsidiary of the Company) and Ms. Raji Vishwanathan is the Chief Legal Officer at L&T Financial Services.

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

- Audit Committee
- Nomination and Remuneration Committee
- Committee of Directors
- Investment Committee
- Product Committee

#### 1. Audit Committee

The Audit Committee of the Directors was constituted on October 17, 2013. During the period under review, the Committee was re-constituted and currently comprises 3 Members as per details given below:

#### Composition of Audit Committee

Mr. Thomas Mathew T.  
Dr. (Mrs.) Rajani R. Gupte  
Ms. Raji Vishwanathan

#### Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177

of the Act and the terms of reference of the Committee are as follows:

- i) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- ii) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii) examination of the financial statement and the auditors' report thereon;
- iv) approval or any subsequent modification of transactions of the Company with related parties;
- v) scrutiny of inter-corporate loans and investments;
- vi) valuation of undertakings or assets of the Company, wherever it is necessary;
- vii) evaluation of internal financial controls and risk management systems;
- viii) monitoring the end use of funds raised through public offers and related matters;
- ix) Full access to information contained in the records of the Company and external professional advice;
- x) Investigate any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;
- xi) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- xii) Recommend the appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;
- xiii) Discuss with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statement before submission to the Board and ensure compliance of internal control system;
- xiv) Recommendation on financial management including audit report shall be binding on the Board;
- xv) Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;



xvi) Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.

During the fiscal year 2014-15, the Committee met five times and the Board had duly accepted recommendations made by the Audit Committee from time to time.

## 2. Nomination and Remuneration Committee

The Company has constituted the Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014. The Committee has formulated a policy on Directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

### Composition of Nomination and Remuneration Committee

Dr. (Mrs.) Rajani R. Gupte  
Mr. Thomas Mathew T.  
Ms. Raji Vishwanathan

### Role of the Committee

- To guide the Board in relation to appointment and removal of Directors.
- To evaluate the performance of the Members of the Board including Independent Directors.
- Formulation of criteria for evaluation of Independent Director and the Board.
- To determine criteria for payment of remuneration to Directors, Key Managerial Personnel, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including Key Managerial Personnel, Senior Management and Employees, if required.

### Terms of reference of the Committee

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

down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

- ii. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.
- iii. The policy recommended to Board should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- iv. The policy recommended to Board should ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- v. The policy recommended to Board should ensure remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- vi. Such other matter(s) which are under the purview of NRC as is defined under the Act, if any.

## 3. Committee of Directors

The Committee of Directors was constituted on February 15, 2013. During the period under review, the Committee was re-constituted and currently comprises 2 Directors as per the details given below:

### Composition of Committee of Directors

Ms. Raji Vishwanathan  
Ms. Ashu Suyash

### Role of the Committee

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

During the fiscal year 2014-15, the Committee met five times.

## 4. Investment Committee

The Investment Committee was constituted on July 18, 2013. The Committee comprises 5 Members as per details given below:

### **Composition of Investment Committee**

Head - Private Wealth/ Head Premier Wealth  
Head - Business Development;  
Head of Products  
Head of Operations  
Compliance Officer

### **Role of the Committee**

The Investment Committee is entrusted with the powers to take strategic views on the asset classes - equity, debt, currency and gold and also review the existing products / services.

During the fiscal year 2014-15, the Committee met eight times.

### **5. Product Committee**

The Product Committee was constituted on July 18, 2013. During the period under review, the Committee was re-constituted and currently comprises 5 Members as per details given below:

### **Composition of Product Committee**

Head - Private Wealth/ Head Premier Wealth  
Head - Business Development;  
Head of Products  
Head of Operations  
Compliance Officer

### **Role of the Committee**

The Product Committee is entrusted with the powers of approving the empanelment of new products/ services.

### **Separate Meeting of the Independent Directors**

The Company had only 1 Independent Director till March 30, 2015. Consequently, in lieu of a meeting of Independent Directors, the Company has taken relevant inputs from that Director in respect of the matters required to be covered in a meeting.

### **Remuneration of Directors**

The Directors on the Board, who are/were in the services of the parent company or other fellow subsidiary companies, drew remuneration from their respective companies. The Non-Executive Directors, excluding Independent Directors receives salary & allowances from the Company in terms of their contract of employment with the Company. Other Directors on the Board who do not hold any office or place of profit in L&T and its associate companies are paid sitting fees for attending the meetings of the Board and/or any Committee/s thereof.

### **Number of Companies in which an Individual may become a Director**

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

### **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.

### **Disclosures**

During the financial year ended March 31, 2015:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual financial statements.
- Since introduction of the Act with effect from April 1, 2014, the Company has implemented all Sections as applicable to it and accordingly it is in compliance with all relevant and applicable provisions of the Act.

Mumbai  
April 21, 2015

# Annexure C to Board's Report

FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2015

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)	CIN	U67190MH2013PLC240261
ii)	Registration Date	February 7, 2013
iii)	Name of the Company	L&T Capital Markets Limited
iv)	Category / Sub- Category of the Company	Public Limited Company by Shares
v)	Address of the Registered office & contact details	L&T House, Ballard Estate, Mumbai - 400001.
vi)	Whether listed company	No
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company shall be stated: -

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

\*As per National Industrial Classification – Ministry of Statistics and Programme Implementation

### III. PARTICULARS OF HOLDING COMPANY

Sr. No.	Name of the Company	Address	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	L&T Finance Holdings Limited	L&T House, Ballard Estate, Mumbai - 400001.	L67120MH2008PLC181833	Holding Company	100.00	2(46)

### IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

#### i) Category-wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	-	6*	6*	-	-	6*	6*	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	1,67,49,994	1,67,49,994	100	-	2,27,49,994	2,27,49,994	100	0
d) Bank/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL(A) (1)</b>	<b>-</b>	<b>1,67,50,000</b>	<b>1,67,50,000</b>	<b>100</b>	<b>-</b>	<b>2,27,50,000</b>	<b>2,27,50,000</b>	<b>100</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	1,67,50,000	1,67,50,000	100	-	2,27,50,000	2,27,50,000	100	-
<b>B. PUBLIC SHAREHOLDING</b>	-	-	-	-	-	-	-	-	-
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(2):</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	1,67,50,000	1,67,50,000	100	-	2,27,50,000	2,27,50,000	100	-

\*Individuals are nominee shareholders of L&T Finance Holdings Limited.

ii) **SHARE HOLDING OF PROMOTERS**

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2014)			Shareholding at the end of the year (As on March 31, 2015)			% 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	1,67,50,000	100	0	2,27,50,000	100	0	0
	Total	1,67,50,000	100	0	2,27,50,000	100	0	0

\* 6 shares are held by the below mentioned officials as nominee shareholder of L&T Finance Holdings Limited, beneficial owner of these shares:

1. Mr. Dinanath Mohandas Dubhashi;
2. Ms. Raji Vishwanathan;
3. Mr. G. Krishnamurthy;
4. Mr. Yeshwant Moreshwar Deosthalee;
5. Mr. Narayanaswami Sivaraman;
6. Ms. Ashu Suyash

iii) **CHANGE IN PROMOTERS' SHAREHOLDING:**

Sr. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1,67,50,000	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) #	#		#	
	At the End of the year	2,27,50,000	100		

# Shares allotted during the year

Sr. No.	Name	Shareholding		Date	Allotment of Shares	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No. of Shares at the beginning (01-04-14) / end of the year (31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	L&T Finance Holdings Limited	1,67,50,000	100	01.04.2014	-	-	1,67,50,000	100
		-	-	30.05.2014	30,00,000	Allotment of Shares on Right Basis	1,97,50,000	100
		-	-	21.01.2015	30,00,000	Allotment of Shares on Right Basis	2,27,50,000	100

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

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
	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 & KMP**

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	<b>For Each of the Directors &amp; KMP</b>				
		-	-	-	-
		-	-	-	-
	<b>TOTAL</b>	-	-	-	-

\* Ms. Raji Vishwanathan and Ms. Ashu Suyash, Directors of the Company hold 1 share each as nominee shareholder of L&T Finance Holdings Limited, beneficial owner of these shares.

V. **INDEBTEDNESS**

	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	-	₹ 75,00,000	-	-
Reduction	-	(₹ 75,00,000)	-	-
<b>Net Change</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 Manager:**

Particulars of Remuneration	*Mr. Ved Prakash Chaturvedi, Manager	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	₹ 49,07,726.07	₹ 49,07,726.07
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
Stock option	-	-
Sweat Equity	-	-
Commission	-	-
- as % of profit		
- others (specify)		
Others, please specify	-	-
Total (A)	₹ 49,07,726.07	₹ 49,07,726.07
Ceiling as per the Act	-	-

\* Mr. Chaturvedi, Manager of the Company resigned on September 10, 2014. Remuneration details excludes payment towards encashment of leave at the end of the tenure.

**B. \*Remuneration to other directors:**

Sr. No.	Particulars of Remuneration	Name of the Director	Total Amount
1	Independent Directors		
	(a) Fee for attending board and Committee meetings	Mr. Thomas Mathew T.	₹ 1,00,000/-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Total (1)		₹ 1,00,000/-
2	Other Non Executive Directors	-	-
	(a) Fee for attending board committee meetings	-	-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Total (2)	-	-
	Total (B)=(1+2)		₹ 1,00,000/-
	Total Managerial Remuneration	-	
	Overall Ceiling as per the Act		

\* Dr. (Mrs.) Rajani R. Gupte, Director of the Company was appointed on March 31, 2015 and hence was not entitled for sitting fees.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		#Mr. Manoj Shenoy, CEO	*Company Secretary	*CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	₹ 30,03,060.97	-	-	₹ 30,03,060.97
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	₹ 30,03,060.97	Nil	Nil	₹ 30,03,060.97

\*The Company Secretary and CFO of the Company, are on deputation, and draw their remuneration from the deputing company within the group. Hence, the remuneration paid to them by the Company is NIL.

# Mr. Shenoy was designated as CEO of the Company on January 19, 2015 and hence the details of remuneration are provided from January 19, 2015 to March 31, 2015.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>B. Other Officers In Default</b>					
Penalty	NIL				
Punishment					
Compounding					



# Independent Auditor's 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, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on 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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

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 of the state of affairs of the Company as at March 31, 2015, its loss, and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure 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 purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company

so far as it appears from our examination of those books;

- (c) The Balance Sheet, 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) 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 does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 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 **S. R. BATLIBOI & CO. LLP**  
ICAI Firm's Registration Number: 301003E  
Chartered Accountants

Mumbai  
April 21, 2015

per **Viren H. Mehta**  
Partner  
Membership No.: 048749

# Annexure to Independent Auditor's Report - March 31, 2015

## Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

### Re: L&T Capital Markets Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable
- in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of dispute.
- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) 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.
- (ix) The Company did not have any outstanding to a financial institution, bank or debenture holder during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) 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 year.

For **S. R. BATLIBOI & CO. LLP**  
ICAI Firm's Registration Number: 301003E  
Chartered Accountants

per **Viren H. Mehta**

Partner

Membership No.: 048749

Mumbai  
April 21, 2015

# Balance Sheet as at March 31, 2015

(₹ In lakhs)

Particulars	Notes	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,275.00	1,675.00
Reserves and surplus	4	(1,705.14)	(1,293.41)
		569.86	381.59
<b>Non-current liabilities</b>			
Long-term provisions	5	49.54	28.20
		49.54	28.20
<b>Current liabilities</b>			
Other current liabilities	6	429.72	403.75
Short-term provisions	7	176.76	161.08
		606.48	564.83
<b>Total</b>		<b>1,225.88</b>	<b>974.62</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	8	75.27	39.99
Intangible assets		16.12	-
Capital work-in-progress		1.39	-
Long-term loans and advances	9	39.49	87.80
		132.27	127.79
<b>Current assets</b>			
Current investments	10	465.60	429.71
Cash and cash equivalents	11	140.91	56.97
Short-term loans and advances	12	198.72	96.42
Trade receivables	13	280.03	263.73
Other assets	14	8.35	-
		1,093.61	846.83
<b>Total</b>		<b>1,225.88</b>	<b>974.62</b>
Summary of significant accounting policies	2		
The accompanying notes are an integral part of financial statements			

As per our report of even date

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 301003E

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

**per Viren H. Mehta**

Partner

Membership No. 048749

**Ashu Suyash**

Director

(DIN: 00494515)

**Raji Vishwanathan**

Director

(DIN: 02680148)

**Rahul Mehta**

Head-Accounts

**Bharti Jain**

Company Secretary

Place: Mumbai

Date : April 21, 2015

Place: Mumbai

Date : April 21, 2015

# Statement of Profit and Loss for the year ended March 31, 2015

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Income</b>			
Revenue from operations	15	3,306.19	1,804.56
Other income	16	34.90	9.54
<b>Total Income (I)</b>		<b>3,341.09</b>	<b>1,814.10</b>
<b>Expenditure</b>			
Employee benefit expenses	17	2,573.16	2,085.81
Finance costs	18	0.60	0.19
Other expenses	19	1,154.74	856.93
Depreciation expense		24.32	5.50
<b>Total Expenditure (II)</b>		<b>3,752.82</b>	<b>2,948.43</b>
Profit / (Loss) before tax (III)=(I)-(II)		(411.73)	(1,134.33)
Tax Expense (IV)			
Current Tax		-	-
Deferred Tax		-	-
<b>Net profit / (Loss) for the period (III)-(IV)</b>		<b>(411.73)</b>	<b>(1,134.33)</b>
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic (computed on the basis of total loss for the year)		(2.08)	(13.26)
Diluted (computed on the basis of total loss for the year)		(2.08)	(13.26)
<b>Summary of significant accounting policies</b>	2		
The accompanying notes are an integral part of financial statements			

As per our report of even date  
**For S.R. BATLIBOI & Co. LLP**  
*Chartered Accountants*  
 ICAI Firm's Registration No.: 301003E

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

**per Viren H. Mehta**  
*Partner*  
 Membership No. 048749

**Ashu Suyash**  
*Director*  
 (DIN: 00494515)

**Raji Vishwanathan**  
*Director*  
 (DIN: 02680148)

**Rahul Mehta**  
*Head-Accounts*

**Bharti Jain**  
*Company Secretary*

Place: Mumbai  
 Date : April 21, 2015

Place: Mumbai  
 Date : April 21, 2015

# Cash Flow Statement for the year ended March 31, 2015

(₹ In lakhs)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	(411.73)	(1,134.33)
<b>Adjustments for:</b>		
Foreign - Exchange Gain/Loss	2.75	-
Provision for gratuity	21.34	17.30
Provision for leave benefits	55.53	67.10
Profit on sale of current investments (net)	(34.89)	(9.28)
Depreciation on tangible & intangible assets	24.32	5.50
Provision for clawback	(22.40)	74.75
Interest on ICD	0.06	-
Rent Equalisation reserve	3.48	2.22
	<u>50.20</u>	<u>157.59</u>
<b>Operating loss before working capital changes</b>	<b>(361.53)</b>	<b>(976.74)</b>
<b>Movements in working capital</b>		
(Increase) / decrease in long term loans and advances	48.31	(32.28)
(Increase) / decrease in short term loans and advances	(136.95)	(84.90)
(Increase) / decrease in trade receivables	(16.31)	(263.73)
(Increase) / decrease in Other Assets	(8.35)	-
Increase / (decrease) in other current liabilities and provisions	5.03	303.32
	<u>(108.27)</u>	<u>(77.59)</u>
Cash used in operating activities	(469.80)	(1,054.33)
Direct taxes paid	34.67	6.39
<b>Net cash used in operating activities (A)</b>	<b>(435.13)</b>	<b>(1,047.94)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible & intangible assets	(77.12)	(45.49)
Purchase of current investments	(2,624.00)	(2,065.00)
Proceeds on sale of current investments	2,623.00	1,644.56
<b>Net cash used in investing activities (B)</b>	<b>(78.12)</b>	<b>(465.93)</b>
<b>Cash flows from financing activities</b>		
Interest on Inter Corporate Borrowings	(0.06)	
Proceeds from issue of share capital	600.00	1,420.00
<b>Net cash from financing activities (C)</b>	<b>599.94</b>	<b>1,420.00</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>86.69</b>	<b>(93.87)</b>
Cash and cash equivalents as at beginning of the period	56.97	150.83
Add: Effect of exchange differences on cash and cashequivalants held in foreign currency	(2.75)	-
<b>Cash and cash equivalents as at end of the period</b>	<b>140.91</b>	<b>56.97</b>
<b>Cash and cash equivalents comprises of:</b>		
Cash on hand	0.38	0.16
Balance with bank	140.53	56.81
Total cash and cash equivalents (refer note 11)	<u>140.91</u>	<u>56.97</u>
<b>Summary of significant accounting policies</b>	<b>2</b>	
The accompanying notes are an integral part of financial statements		

As per our report of even date

**For S.R. BATLIBOI & Co. LLP**

Chartered Accountants

ICAI Firm's Registration No.: 301003E

**per Viren H. Mehta**

Partner

Membership No. 048749

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

**Ashu Suyash**  
Director

(DIN: 00494515)

**Rahul Mehta**  
Head-Accounts

**Raji Vishwanathan**  
Director

(DIN: 02680148)

**Bharti Jain**  
Company Secretary

Place: Mumbai

Date : April 21, 2015

Place: Mumbai

Date : April 21, 2015

# Notes to the Financial Statements for the year ended March 31, 2015

## 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, 2015 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 section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis under historical cost convention.

The accounting policies adopted in preparation of financial statements are consistent with those used in the previous year.

### 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 Tangible fixed assets

Fixed assets 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 fixed assets 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

### 2.4 Depreciation on tangible fixed assets

Depreciation on tangible fixed assets 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. Fixed assets costing up to ₹ 5,000 individually are depreciated fully in the year of purchase. (Refer note 2.19)

### 2.5 Intangible assets

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.

### 2.6 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.

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

# Notes to the Financial Statements for the year ended March 31, 2015

## 2.7 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.

## 2.8 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value determined on an individual investment basis, whichever is lower. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## 2.9 Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash in hand, cash at bank.

## 2.10 Revenue Recognition

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

## 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 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses for defined benefit plan are immediately taken to the Statement of profit and loss and are not deferred.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of financial year. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

## 2.13 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



# Notes to the Financial Statements for the year ended March 31, 2015

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.

## 2.14 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.

## 2.15 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.

## 2.16 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.

## 2.17 Overhead support charges

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

## 2.18 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid shares are treated as fraction of equity shares to the extent they were entitled to participate in dividends related to fully paid equity shares 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.

## 2.19 Change of Estimates

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has re-assessed the useful lives and residual values of its fixed assets and an amount of ₹ 6,86,483 has been charged to the statement of profit and loss for the year ended March 31, 2015 representing the additional depreciation on the carrying value of the assets as at April 1, 2014 due to change in useful life of asset.

# Notes to the Financial Statements for the year ended March 31, 2015

## 3 Share capital

Number, face value and amount of shares authorised, issued, subscribed and paid-up	March 31, 2015 (₹ in lakh)		March 31, 2014 (₹ in lakh)	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	30,000,000	3,000.00	20,000,000	2,000.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10 each fully paid up	22,750,000	2,275.00	16,750,000	1,675.00
<b>Total</b>	<b>22,750,000</b>	<b>2,275.00</b>	<b>16,750,000</b>	<b>1,675.00</b>

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

Particulars	March 31, 2015 (₹ in lakh)		March 31, 2014 (₹ in lakh)	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the period	16,750,000	1,675.00	2,550,000	255.00
Add : Shares issued during the period	6,000,000	600.00	14,200,000	1,420.00
<b>Balance at the end of the period</b>	<b>22,750,000</b>	<b>2,275.00</b>	<b>16,750,000</b>	<b>1,675.00</b>

(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

22,750,000 Equity Shares as at March 31, 2015 (Previous year: 16,750,000 shares) are held by L&T Finance Holdings Limited, the holding company including 6 Equity Shares as at March 31, 2015 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 of 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	March 31, 2015 (₹ in lakh)		March 31, 2014 (₹ in lakh)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer note c above)	22,750,000.00	100%	16,750,000.00	100%

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

# Notes to the Financial Statements for the year ended March 31, 2015

## 4 Reserves and surplus

(₹ in lakh)

	March 31, 2015	March 31, 2014
Surplus / (deficit) in statement of profit and loss		
Balance as at the beginning of the year / period	(1,293.41)	(159.08)
Add : Net profit/(loss) for the year / period	(411.73)	(1,134.33)
<b>Balance at the end of the year / period</b>	<b>(1,705.14)</b>	<b>(1,293.41)</b>

## 5 Long term provisions

(₹ in lakh)

	March 31, 2015	March 31, 2014
Provision for employee benefits		
Gratuity	49.54	28.20
<b>Total</b>	<b>49.54</b>	<b>28.20</b>

## 6 Other current liabilities

(₹ in lakh)

	March 31, 2015	March 31, 2014
Expenses and other payable	10.78	21.92
Statutory dues payable	59.12	57.36
Employee benefits payable	316.05	315.62
Others liabilities	43.77	8.85
<b>Total</b>	<b>429.72</b>	<b>403.75</b>

## 7 Short term provisions

(₹ in lakh)

	March 31, 2015	March 31, 2014
<b>Provision for employee benefits</b>		
Provision for leave benefits	124.41	86.33
Provision for claw back of mutual fund brokerage	52.35	74.75
<b>Total</b>	<b>176.76</b>	<b>161.08</b>

## 8 FIXED ASSETS

(₹ in lakh)

Particulars	Gross Block (at cost)			Depreciation / Amortisation				Net Block		
	As at April 1, 2014	Additions	Disposal	As at March 31, 2015	As at April 1, 2014	Charge for the year	Disposal	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015
<b>Tangible Assets</b>										
Computers	23.75	21.22	-	44.97	2.45	12.48	-	14.93	30.04	21.30
Furniture and fixtures	3.04	10.11	-	13.15	1.55	0.61	-	2.16	10.99	1.49
Office equipments	9.16	5.76	-	14.92	0.63	2.73	-	3.36	11.56	8.53
Leasehold improvements	9.54	19.10	-	28.64	0.87	5.09	-	5.96	22.68	8.67
<b>(A)</b>	<b>45.49</b>	<b>56.19</b>	<b>-</b>	<b>101.68</b>	<b>5.50</b>	<b>20.91</b>	<b>-</b>	<b>26.41</b>	<b>75.27</b>	<b>39.99</b>
<b>Intangible Assets</b>										
Software	-	19.53	-	19.53	-	3.41	-	3.41	16.12	-
<b>(B)</b>	<b>-</b>	<b>19.53</b>	<b>-</b>	<b>19.53</b>	<b>-</b>	<b>3.41</b>	<b>-</b>	<b>3.41</b>	<b>16.12</b>	<b>-</b>
<b>Total (A+B)</b>	<b>45.49</b>	<b>75.72</b>	<b>-</b>	<b>121.21</b>	<b>5.50</b>	<b>24.32</b>	<b>-</b>	<b>29.82</b>	<b>91.39</b>	<b>39.99</b>
<b>Previous Year</b>	<b>-</b>	<b>45.49</b>	<b>-</b>	<b>45.49</b>	<b>-</b>	<b>5.50</b>	<b>-</b>	<b>5.50</b>		
Add : Capital Work-in-Progress									1.39	-
									<b>92.78</b>	<b>39.99</b>

# Notes to the Financial Statements for the year ended March 31, 2015

## 9 Long term loans and advances

	(₹ in lakh)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good (unless otherwise stated)		
Security deposits	37.06	87.80
Prepaid expenses	2.43	-
<b>Total</b>	<b>39.49</b>	<b>87.80</b>

## 10 Current investments

	(₹ in lakh)	
	As at March 31, 2015	As at March 31, 2014
Current investments (valued at lower of cost and fair value; unless stated otherwise)		
Unquoted mutual funds		
L&T Liquid Fund	465.60	429.71
No. of units: 24,526.745 (March 31, 2014: 24,774.536)		
<b>Total</b>	<b>465.60</b>	<b>429.71</b>
Notes:		
a) Aggregate amount of unquoted investments	465.60	429.71
b) Aggregate amount of quoted investments	-	-

## 11 Cash and cash equivalents

	(₹ in lakh)	
	As at March 31, 2015	As at March 31, 2014
Cash on hand	0.38	0.16
Balances with banks -		
In current accounts	140.53	56.81
<b>Total</b>	<b>140.91</b>	<b>56.97</b>

## 12 Short term loans and advances

	(₹ in lakh)	
	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good (unless otherwise stated)		
Advances recoverable in cash or kind		
Cenvat credit	118.55	78.64
Others	0.01	-
Other loans and advances		
Advance income tax	41.06	6.39
Advance for expenses	2.02	3.70
Prepaid expenses	37.08	7.69
<b>Total</b>	<b>198.72</b>	<b>96.42</b>

# Notes to the Financial Statements for the year ended March 31, 2015

## 13 Trade receivables

	(₹ in lakh)	
	March 31, 2015	March 31, 2014
Unsecured, considered good (unless otherwise stated)		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	280.03	263.73
<b>Total</b>	<b>280.03</b>	<b>263.73</b>

## 14 Other assets

	(₹ in lakh)	
	March 31, 2015	March 31, 2014
Employee Recoverable	8.35	-
<b>Total</b>	<b>8.35</b>	<b>-</b>

## 15 Revenue from operations

	(₹ in lakh)	
	For year ended March 31, 2015	For year ended March 31, 2014
Brokerage and commission on:		
Mutual fund products	2,740.48	1,668.14
Equity products	89.46	30.45
Debt products	10.77	-
Loan products	38.66	-
Realty deals	152.53	-
Other products	96.52	69.23
Referral and other fees	177.77	36.74
<b>Total</b>	<b>3,306.19</b>	<b>1,804.56</b>

# Notes to the Financial Statements for the year ended March 31, 2015

## 16 Other income

(₹ in lakh)

	For year ended March 31, 2015	For year ended March 31, 2014
Profit on sale of investment	34.89	9.27
Other income	0.01	0.27
<b>Total</b>	<b>34.90</b>	<b>9.54</b>

## 17 Employee benefit expenses

(₹ in lakh)

	For year ended March 31, 2015	For year ended March 31, 2014
Salaries, wages and bonus	2,388.15	1,919.31
Staff welfare	12.85	6.93
Contribution to provident and other funds		
Provident fund	86.81	63.66
Super annuation	2.85	7.65
Pension fund	5.63	3.86
Gratuity	21.34	17.30
Leave benefits	55.53	67.10
<b>Total</b>	<b>2,573.16</b>	<b>2,085.81</b>

## 18 Finance costs

(₹ in lakh)

	For year ended March 31, 2015	For year ended March 31, 2014
Interest paid on inter-company deposits	0.06	0.03
Bank charges	0.54	0.16
<b>Total</b>	<b>0.60</b>	<b>0.19</b>

# Notes to the Financial Statements for the year ended March 31, 2015

## 19 Other expenses

	(₹ in lakh)	
	For year ended March 31, 2015	For year ended March 31, 2014
Rent	184.73	145.25
Rates and taxes	19.83	14.28
Overhead support charges	349.05	307.20
Legal and professional fees	59.93	18.97
Travelling and conveyance	93.09	62.48
Repairs & maintenance	90.79	58.58
Electricity charges	24.77	10.23
Printing and stationery	14.43	12.63
Membership and subscription	28.16	9.44
Communication charges	23.66	19.26
Software running expenses	91.63	80.75
Profession tax	0.14	0.22
Outsourced employees cost	7.90	6.48
Training and recruitment expenses	30.03	33.69
Business promotion	25.20	43.56
Insurance	23.27	9.45
Auditors' remuneration (refer details below)	6.11	3.51
Referral fees paid	55.54	14.80
Directors sitting fees	1.00	-
Foreign - Exchange Gain/Loss	2.75	-
Miscellaneous expenses	22.73	6.15
<b>Total</b>	<b>1,154.74</b>	<b>856.93</b>
<b>As Auditor:</b>		
Statutory audit	3.50	1.25
Tax audit	1.00	0.50
Limited review	1.50	0.75
Other fees	0.11	1.01
<b>Total</b>	<b>6.11</b>	<b>3.51</b>

## 20 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 year ended March 31, 2015, no supplier is getting covered under MSMED."

- 21** 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 total cost incurred by the holding company, in respect of options granted to employees of the Company amounts to ₹ 10.01 lakh. This sum is being recovered from the Company over the period of vesting. Accordingly, an excess sum of ₹5.10 lakh recovered in previous year has been received back by the company (previous year ₹14.87 lakh has been recovered from the Company) during the year which has been credited to the statement of profit and loss. The balance sum of ₹ 0.24 lakh will be recovered in future periods.

# Notes to the Financial Statements for the year ended March 31, 2015

## 22 Employee Benefit Plans

### a) Expenses recognized in the Statement of Profit and Loss

Particulars	(₹ in lakh)	
	March 31, 2015	March 31, 2014
Current Service Cost	18.73	12.62
Past Service Cost	-	-
Interest Cost	4.38	2.12
Expected Return on Plan Assets	-	-
Actuarial Losses / (Gain)	(1.77)	(6.06)
Losses / (Gains) on "Curtailments and Settlements"	-	-
<b>Total expense recognized in the statement of profit and loss</b>	<b>21.34</b>	<b>8.67</b>

### b) Amount recognised in the Balance sheet

Particulars	(₹ in lakh)	
	March 31, 2015	March 31, 2014
Closing present value of obligations	49.54	28.20
<b>Liability recognised in the Balance Sheet</b>	<b>49.54</b>	<b>28.20</b>

### c) Change in the present value of the defined benefit obligation are as follows:

Particulars	(₹ in lakh)	
	March 31, 2015	March 31, 2014
Opening Present Value of Obligation	28.20	13.74
Current Service Cost	18.73	12.62
Interest Cost on Defined Benefit Obligation	4.38	2.12
Actuarial Losses/(Gain) recognise	(1.77)	(6.06)
Liabilities assumed on Acquistio/(Settled on Divestiture)	-	5.78
Benefits paid	-	-
<b>Closing present value of obligation</b>	<b>49.54</b>	<b>28.20</b>

### d) Financial assumptions at the valuation date

Particulars	2014-15	2013-14
Discount Rate (per annum)	7.90%	9.35%
Salary Escalation Rate (per annum)	6.00%	6.00%
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 othe relevant factors. The above information is certified by the actuary and relied upon by the Auditors.



# Notes to the Financial Statements for the year ended March 31, 2015

## 23 Related party disclosure

Disclosure as required by AS – 18 “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

Family Credit Limited

L&T Housing Finance Limited

L&T Finance Limited

L&T FinCorp Limited (formerly known as India Infrastructure Developers Limited)

L&T Vrindavan Properties Limited (Formerly L&T Unnati Finance Limited)

Larsen & Toubro Infotech Limited

L&T Capital Company Limited

L&T Parel Project LLP

L&T PT&D IC International

L&T Investment Management Limited

#### D. Key Management Personnel

Mr. Ved Prakash Chaturvedi (till 10th September, 2014)

Director

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

		(₹ in lakhs)	
Nature of transactions		March 31, 2015	March 31, 2014
<b>1</b>	<b>Remuneration paid - KMP</b>		
	Mr. Ved Prakash Chaturvedi	62.18	116.95
<b>2</b>	<b>Subscription of Equity Shares</b>		
	L&T Finance Holdings Limited		
	Balance at the beginning of the period	1,675.00	255.00
	Add : Shares issued during the period	600.00	1,420.00
	Balance at the end of the period	2,275.00	1,675.00
<b>3</b>	<b>Fixed Assets- Purchased</b>		
	L&T Housing Finance	-	0.60
	L&T Capital Company Limited	-	4.98
<b>4</b>	<b>Intercorporate borrowings taken</b>		
	L&T Finance Limited	-	7.25
	L&T Finance Holdings Limited	75.00	-
<b>5</b>	<b>Intercorporate borrowings repaid</b>		
	L&T Finance Limited	-	7.25
	L&T Finance Holdings Limited	75.00	-
<b>6</b>	<b>Overhead support charges paid</b>		
	L&T Finance Holdings Limited	265.23	235.96
	L&T Finance Limited	126.97	99.69
<b>7</b>	<b>ESOP Charges Paid</b>		
	L&T Finance Holdings Limited	(5.10)	14.87

# Notes to the Financial Statements for the year ended March 31, 2015

## (b) Details of transactions with related parties

		(₹ in lakhs)	
Nature of transactions		March 31, 2015	March 31, 2014
<b>8</b>	<b>Traveling &amp; lodging expenses reimbursed to</b>		
	L&T PT&D IC International	-	0.33
<b>9</b>	<b>Interest on inter-company deposits paid</b>		
	L&T Finance Limited	-	0.03
	L&T Finance Holdings Limited	0.06	-
<b>10</b>	<b>Rent paid</b>		
	L&T Vrindavan Properties Limited	15.20	7.42
	L&T Finance Limited	3.31	-
<b>11</b>	<b>Employee deputation cost paid to</b>		
	L&T Finance Limited	-	9.53
<b>12</b>	<b>Other expenses paid to</b>		
	Larsen & Toubro Limited	47.43	15.12
	Larsen & Toubro Infotech Limited	-	4.49
	L&T Finance Limited	2.23	-
	L&T Vrindavan Properties Limited	6.42	-
<b>13</b>	<b>Brokerage &amp; Commission earned from</b>		
	L&T Finance Holdings Limited	-	1.96
	L&T Finance Limited	-	1.79
	L&T Capital Company Limited	11.37	88.11
	L&T Fincorp Limited	-	7.60
	Family Credit Limited	-	1.11
	Larsen & Toubro Ltd (Realty Div)	16.85	19.28
	L&T Parel Project LLP	15.41	-
	L&T Housing Finance Limited	0.46	-
	L&T Investment Management Limited	250.12	-

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

		(₹ in lakhs)	
Nature of transactions		March 31, 2015	March 31, 2014
<b>1</b>	<b>ESOP charges payable</b>		
	L&T Finance Holdings Limited	0.15	0.33
<b>2</b>	<b>Other expenses payable</b>		
	Larsen & Toubro Limited	3.24	5.16
<b>3</b>	<b>Employee deputation -Gratuity payable</b>		
	L&T Finance Limited	-	0.64
<b>4</b>	<b>Brokerage &amp; Commission receivable</b>		
	L&T Finance Holdings Limited	-	0.14
	L&T Finance Limited	1.79	1.79
	Larsen & Toubro Ltd (Realty Div)	3.26	-
	L&T Parel Project LLP	10.24	-
	L&T Investment Management Limited	7.45	-
<b>5</b>	<b>Security Deposit- Rent</b>		
	L&T Vrindavan Properties Limited	6.60	6.60

Note: Transaction shown above are inclusive of Service Tax if any

# Notes to the Financial Statements for the year ended March 31, 2015

## 24 Earnings per Share

Particulars	Unit	March 31, 2015	March 31, 2014
Net loss after tax	₹ in lakh	(411.73)	(1,134.33)
Nominal value of equity shares	₹	10	10
Weighted average equity shares for basic and diluted earnings per share	No.	19,840,411	8,553,973
Basic and diluted earnings per share	₹	(2.08)	(13.26)

## 25 Capital and other commitments

The Company has an outstanding capital commitment amount of ₹ 0.26 lakhs (Previous year : ₹ 7.21 lakhs)

## 25 Expenditure in foreign currency

(₹ In lakh)

Particulars	March 31, 2015	March 31, 2014
Professional fees	30.72	4.50
Salaries, wages and bonus	76.61	-
Other expenses	60.61	3.28
<b>Total</b>	<b>167.94</b>	<b>7.78</b>

## 26 Contingent liabilities

There are no contingent liabilities as on March 31, 2015 (March 31, 2014: Nil)

## 27 Previous year figures

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

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

**Ashu Suyash**  
*Director*  
(DIN: 00494515)

**Raji Vishwanathan**  
*Director*  
(DIN: 02680148)

**Rahul Mehta**  
*Head-Accounts*

**Bharti Jain**  
*Company Secretary*  
Place: Mumbai  
Date : April 21, 2015