

# Board's Report

## Dear Members,

The Directors of your company have pleasure in presenting the Fourth Annual Report including the audited financial statements for the financial year ended March 31, 2016.

## FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31, 2016 as compared to the previous financial year ended March 31, 2015 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Income	2,929.04	3,341.09
Less: Total Expenses	5,302.42	3,752.82
Profit/ (Loss) before Tax	(2,373.38)	(411.73)
Profit/ (Loss) after Tax	(2,373.38)	(411.73)
Add: Balance brought forward from previous years	(1,705.14)	(1293.41)
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(4,078.52)</b>	<b>(1705.14)</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 is recommended for the current financial year due to the loss incurred by the Company.

## PERFORMANCE OF THE COMPANY

- Financial Performance
  - The performance of the Company is highly impacted due to the income from mutual funds, the major contributor to the operating income of the Company. The regulatory changes and applicability of service tax on

commission from mutual fund have subdued the operating income for the current financial year.

- The Average Assets Under Service has increased by 28%, from ₹ 7,43,800 Lakh in the financial year 2014-15 to ₹ 9,50,900 Lakh in the financial year 2015-16.
- Net Worth of the Company as on March 31, 2016 was ₹ 696.48 Lakh as against ₹ 569.86 Lakh as on March 31, 2015.

## • Initiative undertaken during the year

During the year under review, in-order to extend the scope of its operations in Dubai International Financial Centre, the Company had applied for upgrade of its Regulatory license from Representative Office to Category 4 Authorised Firm. Accordingly, on January 27, 2016, the Dubai Financial Services Authority had granted a license of Category 4 Authorised Firm, wherein the Company could go beyond the existing products and services and add Advisory Services to the existing basket of offerings.

## SHARE CAPITAL

During the financial year 2015-16, the Authorised Share Capital of the Company increased from ₹ 30,00,00,000 (Rupees Thirty Crore only) divided into 3,00,00,000 (Three Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each.

The Company had allotted 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each, aggregating to ₹ 25,00,00,000 (Rupees Twenty Five Crore only) to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2016, the Paid-up Capital of the Company stands at ₹ 47,75,00,000/- (Rupees Forty Seven 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 the provisions of 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
- Mr. Dinanath Dubhashi, Non-Executive Director
- Mr. G. Krishnamurthy, Non-Executive Director

Following changes took place in the Board of the Company during the year under review:

- **Appointment:** Mr. Dinanath Dubhashi and Mr. G. Krishnamurthy were appointed as a Non-Executive Directors on April 13, 2016 and April 28, 2016, respectively.
- **Cessation:** The following Directors resigned:
  - Ms. Ashu Suyash resigned from the Board with effect from May 29, 2015, due to relinquishment of her employment with L&T Financial Services Group.
  - Ms. Raji Vishwanathan, resigned from the Board with effect from April 18, 2016, due to her other professional commitments.

The Board placed on record its appreciation of the valuable services rendered by the aforesaid directors.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 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 Annual General Meeting. For the purpose of determining total number of Directors liable to retire by rotation, Independent Directors and Additional Directors are required to be excluded. Accordingly, none of the Directors is liable to retire by rotation at the ensuing Annual General Meeting.

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 the provisions of Section 149(7) of the Act, stating that they meet the criteria of Independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

## KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Rahul Mehta, Head – Accounts has been appointed as a Key Managerial Person with effect from April 21, 2015, to discharge the duties and responsibilities to be performed by a Chief Financial Officer under the Act.

Accordingly, as at March 31, 2016, the Company has the following Key Managerial Personnel:

Mr. Manoj Shenoy Chief Executive Officer

Ms. Bharti Jain Company Secretary

Mr. Rahul Mehta Head – Accounts (discharging functions of the Chief Financial Officer)

## POLICY OF THE COMPANY ON DIRECTORS' APPOINTMENT AND REMUNERATION FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

### A. Background:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The current members of the Nomination and Remuneration Committee are as follows:

- Mr. Thomas Mathew T.
- Dr. (Mrs.) Rajani R. Gupte
- Mr. Dinanath Dubhashi

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013. In terms of the requirement of the Act and based on the recommendations of the Nomination and Remuneration Committee, the Board has also framed the Policy on Directors' Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees ("the Policy") which

includes the criteria for determining qualifications, positive attributes, independence of Director and remuneration for key managerial personnel and other employees.

## 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) Appointment of Director

Before recommending someone as a Director, the following criteria and processes are being followed:

- The Nomination and Remuneration Committee shall identify and ascertain the integrity, professional qualification, expertise and experience of the proposed director.
- A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment.
- Appointment of Independent Directors shall be subject to the provisions of Section 149 of the Act read with schedule IV and rules made thereunder.
- No person shall be eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.
- Appointment of directors on the Board of a Company shall be subject to the recommendation made by the Committee. However, the decision of the Board with respect to appointment of a director shall be final.

- Appointment of Managing Director and Whole-time Director shall be subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules made there under.
- The Directors have to abide by the Code of Conduct and ensure compliance of the same.

### b) 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 31st, 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.

**c) 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.

**d) Performance Evaluation**

Pursuant to the Section 134 (3) of the Act, every listed company and every other public company having a paid up share capital of Rupees Twenty Five Crore or more calculated at the end of the preceding financial year, shall include, in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

In view of the aforesaid, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the Audit and Nomination & Remuneration Committee (NRC).

**e) Manner of Evaluation**

The NRC and the Board have laid down the manner in which formal annual evaluation of

the performance of the Board, Committees and individual Directors has to be made.

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

**BOARD MEETINGS**

During the financial year 2015-16, the Board of Directors of the Company met 5 times on April 21, 2015, July 20, 2015, September 22, 2015, October 20, 2015 and January 18, 2016.

The Agenda of the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their approval.

**COMPOSITION OF THE AUDIT COMMITTEE**

The Company has constituted an Audit Committee in terms of the requirements of the Act. Presently, the Audit Committee comprises Dr. (Mrs.) Rajani R. Gupte, Mr. Thomas Mathew T. and Mr. Dinanath Dubhashi. 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 and transparent practices. The report on Corporate Governance for the year under review is appended herewith as Annexure A.

**STATUTORY AUDITORS AND THEIR REPORT**

During the year under review, M/s. S. R. Batliboi & Co. LLP (ICAI Firm Registration No. 301003E), Chartered Accountants, Statutory Auditors of the Company resigned due to the proposed business relationship with the ultimate Holding Company i.e. Larsen & Toubro Limited. Accordingly, M/s. Sharp & Tannan, Chartered Accountants (Firm's Registration No. 109982 W), has been appointed to hold office to fill causal vacancy until the conclusion of forthcoming Annual General Meeting ("AGM") of the Company.

Further, pursuant to the provisions of the Act, the Board of Directors of the Company recommends appointment of M/s. Sharp & Tannan, Chartered Accountants for

a period of five years i.e. from the conclusion of the Fourth AGM to Ninth AGM of the Company, subject to ratification by the Members at every intervening AGM of the Company.

The Company has also received a Certificate from the Auditors to the effect that their appointment, if made, would be within the limits prescribed under Section 141 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.

### **AUDITORS' REPORT**

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

### **SECRETARIAL AUDITOR AND THEIR REPORT**

From a good governance perspective, the Board has appointed Ms. Naina R. Desai, Practising Company Secretary as Secretarial Auditor of the Company to carry out Secretarial Audit for the financial year ended March 31, 2016.

### **PARTICULARS OF EMPLOYEES**

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

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

### **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION**

Considering the Company being a Wealth Management Company, operating substantially through leased premises, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

- Foreign exchange inflows – ₹ 262.34 Lakh
- Foreign exchange outflows – ₹ 509.05 Lakh

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

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

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The Directors have selected such accounting policies and have 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;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;
5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and

authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee of the Board. The Internal Audit function is carried out by the Internal Audit department of L&T Financial Services Group.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control systems in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, 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. During the year under review, the Company has reported Nil complaints in this regard.

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, if any, are covered under

the provisions of Section 186 of the Act and are given in the notes to the financial statements.

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

The Company has Board approved Policy on Related Party Transactions ("RPT Policy"), pursuant to the recommendation of the Audit Committee, which is in line with the requirements of the Companies Act, 2013. The same is also available on the website of the Company (<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 process for periodical review to ensure that executive management controls risk by means of a properly designed framework.

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

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and 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 COMPANIES ACT, 2013 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**

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**

During the year under review, the Company has not given loan to any person in its employment to purchase shares of the Company or of its holding 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**

**Director**  
**Thomas Mathew T.**  
**DIN: 00130282**

Mumbai  
April 28, 2016

**Registered Office:**  
L&T House,  
Ballard Estate,  
Mumbai – 400001.

**Director**  
**Dinanath Dubhashi**  
**DIN: 03545900**

# 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 the provisions of 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
- Mr. Dinanath Dubhashi, Non-Executive Director
- Mr. G. Krishnamurthy, Non-Executive Director

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 four core Committees constituted by the Board in this connection are:

- Audit Committee
- Nomination and Remuneration Committee
- 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:

- Dr. (Mrs.) Rajani R. Gupte – Chairperson
- Mr. Thomas Mathew T.
- Mr. Dinanath Dubhashi

#### 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 statements before submission to the Board and ensure compliance of internal control system.
- xiv) Recommendation on financial management including audit report shall be bonding 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 2015-16, 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 Nomination and Remuneration Committee was constituted in the previous financial year 2014-15. During the period under review, the Committee was re-constituted and currently comprises 3 Members as per details given below:

- o Dr. (Mrs.) Rajani R. Gupte – Chairperson
- o Mr. Thomas Mathew T.
- o Mr. Dinanath Dubhashi

### 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.

The 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. Investment Committee

The Investment Committee was constituted on July 18, 2013. During the period under review, the Committee was re-constituted and currently comprises 4 Members as per the details given below:

- o Head - Private Wealth
- o Head of Products
- o Head of Operations
- o Compliance Officer

### Role of the Committee

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

During the year under review 2015-16, the Committee met five times.

#### **4. Product Committee**

The Product Committee was constituted on July 18, 2013. During the period under review, the Committee was re-constituted and currently comprises 4 Members as per details given below:

- o Head - Private Wealth
- o Head of Products
- o Head of Operations
- o Compliance Officer

#### **Role of the Committee**

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

During the year under review 2015-16, the Committee met once.

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

Section 149(8) of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The Independent Directors of the Company met on April 28, 2016, pursuant to the provisions of the Act.

#### **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. Non-Executive Directors of the Company other than Independent Directors are associated with companies of L&T Financial Services Group and do not draw any remuneration from the Company. Independent Directors on the Board are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

#### **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, 2016:

- 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.

Mumbai  
April 28, 2016

# Annexure C to Board's Report

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on 31.03.2016**  
**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 COMPANIES

Sr. No.	Name of the Company	Address	CIN	Holding	% 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>									
<b>(1) Indian</b>									
a) Individual/HUF	-	6*	6*	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	2,27,49,994	2,27,49,994	100	-	*4,77,50,000	*4,77,50,000	100	-
d) Bank/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL(A) (1)</b>	<b>-</b>	<b>2,27,50,000</b>	<b>2,27,50,000</b>	<b>100</b>	<b>-</b>	<b>*4,77,50,000</b>	<b>*4,77,50,000</b>	<b>100</b>	<b>-</b>

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	Physi cal	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares	
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	2,27,50,000	2,27,50,000	100	-	*4,77,50,000	*4,77,50,000	100	-
<b>B. PUBLIC SHAREHOLDING</b>	-	-	-	-	-	-	-	-	-
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
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>	-	2,27,50,000	2,27,50,000	100	-	*47,750,000	*47,750,000	100	-

\* 6 shares held by Individual shareholders jointly with 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, 2015)			Shareholding at the end of the year (As on March 31, 2016)			% 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	2,27,50,000	100	0	4,77,50,000	100	0	0
	<b>Total</b>	<b>2,27,50,000</b>	<b>100</b>	<b>0</b>	<b>4,77,50,000</b>	<b>100</b>	<b>0</b>	<b>0</b>

\* 6 shares are held by the below mentioned officials as joint shareholder of L&T Finance Holdings Limited:

1. Mr. Dinanath Mohandas Dubhashi
2. #Mr. Sachinn Joshi
3. Mr. G. Krishnamurthy
4. Mr. Yeshwant Moreshwar Deosthalee
5. #Mr. Raju Dodti
6. Mr. Sunil Prabhune

#Note: The equity shares of Ms. Raji Vishwanathan & Mr. Narayanaswami Sivaraman has been transferred to Mr. Sachinn Joshi & Mr. Raju Dodti respectively on dated 28th April, 2016.

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

Sr. No.		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	2,27,50,000	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	4,77,50,000	100		

# Shares allotted during the year

Sr. No.	Name	Shareholding		Date	Allotment of Shares	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at the beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	L&T Finance Holdings Limited	2,27,50,000	100	01.04.2015	-	-	2,27,50,000	100
		-	-	26.06.2015	30,00,000	Allotment of Shares on Right Basis	2,57,50,000	100
		-	-	21.07.2015	40,00,000	Allotment of Shares on Right Basis	2,97,50,000	100
		-	-	23.09.2015	80,00,000	Allotment of Shares on Right Basis	3,77,50,000	100
		-	-	24.01.2016	1,00,00,000	Allotment of Shares on Right Basis	4,77,50,000	100

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

Sr. No.	For Each of the Top 10 Shareholders	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
	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	For Each of the Directors & KMP	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>TOTAL</b>	-	-	-	-

\* Mr. Dinanath Dubhashi (Director with effect from April 13, 2016) and Mr. Gopalakrishnan Krishnamurthy (Director with effect from April 28, 2016) holds one share each jointly alongwith L&T Finance Holdings Limited.

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	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
Additions	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. **\*Remuneration to Managing Director, Whole time director and/or Manager:**

Particulars of Remuneration	Manager	Total Amount
<b>Gross salary</b>		
(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	-
(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	-	-
<b>Total (A)</b>	-	-
<b>Ceiling as per the Act</b>		

**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.	2,20,000/-
		Dr. (Mrs.) Rajani R. Gupte	1,60,000/-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	<b>Total (1)</b>	-	<b>3,80,000/-</b>
2	Other Non Executive Directors	-	-
	(a) Fee for attending board committee meetings	-	-
	(b) Commission	-	-
	(c) Others, please specify	-	-
	<b>Total (2)</b>	-	-
	<b>Total (B)=(1+2)</b>	-	<b>3,80,000/-</b>
	<b>Total Managerial Remuneration</b>	-	-
	<b>Overall Ceiling as per the Act</b>	-	-

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (₹ in Lakhs)			
		#Mr. Manoj Shenoy, CEO	*Company Secretary	*CFO	Total
1	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	₹ 223.34	-	-	-
	(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	-	-	-	-
	<b>Total</b>	<b>₹ 223.34</b>			

\*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.

**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 standalone financial statements of **L & T Capital Markets Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Responsibilities of Management for the standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting 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 judgements and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities

Our responsibility is to express an opinion on these standalone 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 Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and 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 aforesaid standalone 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 31st March, 2016, and 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, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act and on the basis of such checks of the books of account and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;



- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the 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 the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule

11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- (i) We are informed by the Company that there are no pending litigations which would have an impact on its financial position in its financial statements.
- (ii) We are informed that the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) According to the information and explanations given to us there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**SHARP & TANNAN**

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

**A.B.Chopra**

Partner

Membership No. 038159

Place: Mumbai  
Date: 28 April, 2016

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

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management once during the year, which in our opinion is reasonable. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, there are no immovable properties held by the Company, accordingly the provisions of Paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company does not carry any inventories; accordingly, the provisions of Paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of Paragraphs 3iii(a), 3iii(b) and 3iii(c) of the Order are not applicable to the Company.
- (iv) According to the information & explanations given to us, during the year the provisions of Section 185 and Section 186 of the Companies Act, 2013 in respect of loans, guarantees and securities, are not applicable to the Company. However the provisions of Section 186 with respect to investments are applicable to the Company and we are informed that the same have been complied with, by the Company.
- (v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.
- (vi) As informed to us, the Central Government has not specified maintenance of cost records under subsection (1) of Section 148 of the Companies Act, 2013, for the products/services of the Company. Accordingly, the provisions of Paragraph 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31st March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax service tax, duty of customs, duty of excise or value added tax as at 31st March, 2016 which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not taken any loans or borrowings from Financial Institutions, Banks and Government. Further the Company has not issued any Debentures. Accordingly, provisions of Paragraph 3(viii) of the Order are not applicable to the Company.
- (ix) According to the information and explanations given to us during the year, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments) and term loans.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year nor have we been informed of such case by management.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration of the type covered by Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of Paragraph 3(xii) of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Paragraph 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly,

the provisions of Paragraph 3(xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**SHARP & TANNAN**

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

**A.B.Chopra**

Partner

Membership No. 038159

Place: Mumbai

Date: 28 April, 2016

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

of even date on the standalone financial statements of L&T Capital Markets Limited

(Referred to in paragraph 2(f) under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of L&T Capital Markets Limited ('the Company') as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

### **Auditor's responsibility**

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

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

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

over financial reporting

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **SHARP & TANNAN**

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

### **A.B.Chopra**

Partner

Membership No. 038159

Place: Mumbai

Date: 28 April, 2016

# Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	4,775.00	2,275.00
Reserves and surplus	4	(4,078.52)	(1,705.14)
		696.48	569.86
<b>Non-current liabilities</b>			
Long-term provisions	5	86.18	49.54
		86.18	49.54
<b>Current liabilities</b>			
Other current liabilities	6	475.98	429.72
Short-term provisions	7	196.78	176.76
		672.76	606.48
<b>Total</b>		<b>1,455.42</b>	<b>1,225.88</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed Assets			
Tangible assets	8	72.93	75.27
Intangible assets		11.16	16.12
Capital work-in-progress		10.94	1.39
Long-term loans and advances	9	92.37	39.49
		187.40	132.27
<b>Current assets</b>			
Current investments	10	527.62	465.60
Cash and cash equivalents	11	120.27	140.91
Short-term loans and advances	12	134.32	198.72
Trade receivables	13	467.31	280.03
Other assets	14	18.50	8.35
		1,268.02	1,093.61
<b>Total</b>		<b>1,455.42</b>	<b>1,225.88</b>
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements			

As per our report attached

**SHARP & TANNAN**

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

**A. B. Chopra**

Partner  
Membership No. 038159

Place: Mumbai  
Date : April 28, 2016

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

**Thomas Mathew T.**

Director  
DIN : 00130282

**Rahul Mehta**

Head-Accounts

Place: Mumbai  
Date : April 28, 2016

**Dinanath Dubhashi**

Director  
DIN : 03545900

**Bharti Jain**

Company Secretary

# Statement of Profit and Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
Revenue from operations	15	2,896.28	3,306.19
Other income	16	32.76	34.90
<b>Total Income (I)</b>		<b>2,929.04</b>	<b>3,341.09</b>
<b>Expenditure</b>			
Employee benefit expenses	17	3,744.60	2,596.42
Finance costs	18	-	0.06
Other expenses	19	1,506.05	1,132.02
Depreciation and amortisation expenses		51.77	24.32
<b>Total Expenditure (II)</b>		<b>5,302.42</b>	<b>3,752.82</b>
Profit / (Loss) before tax (III)=(I)-(II)		(2,373.38)	(411.73)
Tax Expense (IV)			
Current Tax		-	-
Deferred Tax		-	-
<b>Net profit / (Loss) for the year (III)-(IV)</b>		<b>(2,373.38)</b>	<b>(411.73)</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)		(7.01)	(2.08)
Diluted (computed on the basis of total loss for the year)		(7.01)	(2.08)
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements			

As per our report attached

## SHARP & TANNAN

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

### A. B. Chopra

Partner  
Membership No. 038159

Place: Mumbai  
Date : April 28, 2016

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

### Thomas Mathew T.

Director  
DIN : 00130282

### Rahul Mehta

Head-Accounts

Place: Mumbai  
Date : April 28, 2016

### Dinanath Dubhashi

Director  
DIN : 03545900

### Bharti Jain

Company Secretary

# Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Cash flow from operating activities</b>		
<b>Profit/ (Loss) before tax</b>	(2,373.36)	(411.73)
<b>Adjustments for:</b>		
Foreign - Exchange Gain/Loss	0.56	2.75
Provision for gratuity	36.65	21.34
Provision for leave benefits	65.18	55.53
Profit on sale of current investments (net)	(32.17)	(34.89)
Depreciation on tangible & intangible assets	51.76	24.33
Provision for clawback	(41.35)	(22.40)
Interest on ICD	-	0.06
Rent Equalisation reserve	2.28	3.48
	82.91	50.20
<b>Operating loss before working capital changes</b>	<b>(2,290.45)</b>	<b>(361.53)</b>
<b>Movements in working capital</b>		
(Increase) / decrease in long term loans and advances	(52.88)	48.31
(Increase) / decrease in short term loans and advances	18.60	(136.95)
(Increase) / decrease in trade receivables	(187.27)	(16.31)
(Increase) / decrease in Other Assets	(10.15)	(8.35)
Increase / (decrease) in other current liabilities and provisions	40.17	5.03
	(191.53)	(108.27)
Cash used in operating activities	(2,481.98)	(469.80)
Direct taxes paid	45.77	34.67
<b>Net cash used in operating activities (A)</b>	<b>(2,436.21)</b>	<b>(435.13)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible & intangible assets	(54.02)	(77.12)
Purchase of current investments	(2,895.00)	(2,624.00)
Proceeds on sale of current investments	2,865.16	2,623.00
<b>Net cash used in investing activities (B)</b>	<b>(83.86)</b>	<b>(78.12)</b>
<b>Cash flows from financing activities</b>		
Interest on Inter Corporate Borrowings	-	(0.06)
Proceeds from issue of share capital	2,500.00	600.00
<b>Net cash from financing activities (C)</b>	<b>2,500.00</b>	<b>599.94</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(20.07)</b>	<b>86.69</b>

# Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Cash and cash equivalents as at beginning of the year	140.91	56.97
Add: Effect of exchange differences on cash and cashequivalants held in foreign currency	(0.57)	(2.75)
<b>Cash and cash equivalents as at end of the year</b>	<b>120.27</b>	<b>140.91</b>
<b>Cash and cash equivalents comprises of:</b>		
Cash on hand	0.73	0.38
Balance with bank	119.54	140.53
<b>Total cash and cash equivalents (refer note 11)</b>	<b>120.27</b>	<b>140.91</b>
<b>Summary of significant accounting policies 2</b>		
The accompanying notes are an integral part of financial statements		

As per our report attached

**SHARP & TANNAN**

Chartered Accountants

Firm's Registration No.: 109982W

by the hand of

**A. B. Chopra**

Partner

Membership No. 038159

Place: Mumbai

Date : April 28, 2016

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

**Thomas Mathew T.**

Director

DIN : 00130282

**Rahul Mehta**

Head-Accounts

Place: Mumbai

Date : April 28, 2016

**Dinanath Dubhashi**

Director

DIN : 03545900

**Bharti Jain**

Company Secretary



# Notes to the Financial Statements for the year ended March 31, 2016

## 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, 2016 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 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.

### 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

# Notes to the Financial Statements for the year ended March 31, 2016

reflects current market assessments of the time value of money and the risks specific to the asset.

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

## 2.7 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

# Notes to the Financial Statements for the year ended March 31, 2016

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 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.

# Notes to the Financial Statements for the year ended March 31, 2016

## 3 Share capital

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at March 31, 2016 (₹ in Lakhs)		As at March 31, 2015 (₹ in Lakhs)	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity shares of ₹ 10 each	50,000,000	5,000.00	30,000,000	3,000.00
<b>Issued, subscribed and fully paid-up</b>				
Equity shares of ₹ 10 each fully paid up	47,750,000	4,775.00	22,750,000	2,275.00
<b>Total</b>	<b>47,750,000</b>	<b>4,775.00</b>	<b>22,750,000</b>	<b>2,275.00</b>

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

Particulars	As at March 31, 2016 (₹ in Lakhs)		As at March 31, 2015 (₹ in Lakhs)	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	22,750,000	2,275.00	16,750,000	1,675.00
Add : Shares issued during the year	25,000,000	2,500.00	6,000,000	600.00
<b>Balance at the end of the year</b>	<b>47,750,000</b>	<b>4,775.00</b>	<b>22,750,000</b>	<b>2,275.00</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

47,750,000 Equity Shares as at March 31, 2016 (Previous year: 22,750,000 shares) are held by L&T Finance Holdings Limited, the holding company including 6 Equity Shares held by nominees of the holding company where the beneficial ownership is with the holding company.

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

Name of Shareholder	As at March 31, 2016 (₹ in Lakhs)		As at March 31, 2015 (₹ in Lakhs)	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer note c above)	47,750,000	100%	22,750,000	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, 2016

## 4 Reserves and surplus (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Surplus / (deficit) in statement of profit and loss		
Balance as at the beginning of the year	(1,705.14)	(1,293.41)
Add : Net profit/(loss) for the year	(2,373.38)	(411.73)
<b>Balance at the end of the year</b>	<b>(4,078.52)</b>	<b>(1,705.14)</b>

## 5 Long term provisions (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Gratuity	86.18	49.54
Provision for leave benefits	-	-
<b>Total</b>	<b>86.18</b>	<b>49.54</b>

## 6 Other current liabilities (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Expenses and other payable	55.54	10.78
Statutory dues payable	89.30	59.12
Employee benefits payable	249.97	316.05
Others liabilities	81.17	43.77
<b>Total</b>	<b>475.98</b>	<b>429.72</b>

## 7 Short term provisions (₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Provision for employee benefits		
Provision for leave benefits	185.77	124.41
Provision for claw back of mutual fund brokerage	11.01	52.35
<b>Total</b>	<b>196.78</b>	<b>176.76</b>

## 8 FIXED ASSETS (₹ in Lakhs)

Particulars	Gross Block (at cost)			Depreciation / Amortisation				Net Block		
	As at April 1, 2015	Addition	Disposal	As at Mar 31, 2016	As at March 31, 2015	Charge for the year ended	Disposal	As at Mar 31, 2016	As at Mar 31, 2016	As at March 31, 2015
<b>Tangible Assets</b>										
Computers	44.97	29.79	-	74.76	14.93	20.89	-	35.82	38.94	30.04
Furniture and fixtures	13.15	2.91	-	16.06	2.16	1.89	-	4.05	12.01	10.99
Office equipments	14.92	4.44	-	19.36	3.36	3.45	-	6.81	12.55	11.56
Leasehold improvements	28.64	1.82	-	30.46	5.96	15.07	-	21.03	9.43	22.68
<b>(A)</b>	<b>101.68</b>	<b>38.96</b>	<b>-</b>	<b>140.64</b>	<b>26.41</b>	<b>41.30</b>	<b>-</b>	<b>67.71</b>	<b>72.93</b>	<b>75.27</b>
<b>Intangible Assets</b>										
Software	19.53	5.51	-	25.04	3.41	10.47	-	13.88	11.16	16.12
<b>(B)</b>	<b>19.53</b>	<b>5.51</b>	<b>-</b>	<b>25.04</b>	<b>3.41</b>	<b>10.47</b>	<b>-</b>	<b>13.88</b>	<b>11.16</b>	<b>16.12</b>
<b>Total (A+B)</b>	<b>121.21</b>	<b>44.47</b>	<b>-</b>	<b>165.68</b>	<b>29.82</b>	<b>51.77</b>	<b>-</b>	<b>81.59</b>	<b>84.09</b>	<b>91.39</b>
<b>Previous Year</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>		
Add : Capital Work-in-Progress									10.94	1.39
									<b>95.03</b>	<b>92.78</b>

# Notes to the Financial Statements for the year ended March 31, 2016

## 9 Long term loans and advances

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good (unless otherwise stated)		
Security deposits	92.37	37.06
Prepaid expenses	-	2.43
<b>Total</b>	<b>92.37</b>	<b>39.49</b>

## 10 Current investments

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Current investments (valued at lower of cost and fair value; unless stated otherwise)		
Unquoted mutual funds		
L&T Liquid Fund	527.62	465.60
No. of units: 25,612.090 (March 31, 2015: 24,526.745)		
<b>Total</b>	<b>527.62</b>	<b>465.60</b>

Notes:

a) Aggregate amount of unquoted investments	527.62	465.60
b) Aggregate amount of quoted investments	-	-

## 11 Cash and cash equivalents

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Cash on hand	0.73	0.38
Balances with banks -		
In current accounts	119.54	140.53
<b>Total</b>	<b>120.27</b>	<b>140.91</b>

## 12 Short term loans and advances

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good (unless otherwise stated)		
Advances recoverable in cash or kind		
Cenvat credit	0.36	118.55
Others	0.01	0.01
Other loans and advances		
Advance income tax	86.83	41.06
Advance for expenses	4.86	2.02
Prepaid expenses	42.26	37.08
<b>Total</b>	<b>134.32</b>	<b>198.72</b>

# Notes to the Financial Statements for the year ended March 31, 2016

13 Trade receivables <span style="float: right;">(₹ in Lakhs)</span>		
	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good (unless otherwise stated)		
Debts outstanding for a period exceeding six months	2.75	-
Others	464.56	280.03
<b>Total</b>	<b>467.31</b>	<b>280.03</b>
14 Other assets <span style="float: right;">(₹ in Lakhs)</span>		
	As at March 31, 2016	As at March 31, 2015
Employee Recoverable	18.50	8.35
<b>Total</b>	<b>18.50</b>	<b>8.35</b>
15 Revenue from operations <span style="float: right;">(₹ in Lakhs)</span>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Brokerage and commission on:		
Mutual fund products	1,905.77	2,740.48
Equity products	83.41	89.46
Debt products	70.33	10.77
Loan products	-	38.66
Realty deals	146.15	152.53
Other products	149.30	96.52
Referral and other fees	541.32	177.77
<b>Total</b>	<b>2,896.28</b>	<b>3,306.19</b>
16 Other income <span style="float: right;">(₹ in Lakhs)</span>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit on sale of investment	32.17	34.89
Other income	0.59	0.01
<b>Total</b>	<b>32.76</b>	<b>34.90</b>
17 Employee benefit expenses <span style="float: right;">(₹ in Lakhs)</span>		
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries, wages and bonus	3,469.81	2,388.15
Staff welfare	53.07	36.11
Contribution to provident and other funds		
Provident fund	120.52	92.44
Super annuation	(0.63)	2.85
Gratuity	36.65	21.34
Leave benefits	65.18	55.53
<b>Total</b>	<b>3,744.60</b>	<b>2,596.42</b>

# Notes to the Financial Statements for the year ended March 31, 2016

## 18 Finance costs

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest paid on inter-company deposits	-	0.06
<b>Total</b>	<b>-</b>	<b>0.06</b>

## 19 Other expenses

(₹ in Lakhs)

	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	244.38	184.73
Rates and taxes	214.91	19.83
Overhead support charges	312.78	349.05
Legal and professional fees	100.55	59.93
Travelling and conveyance	140.79	93.09
Repairs & maintenance	112.76	90.79
Electricity charges	26.57	24.77
Printing and stationery	18.31	14.43
Membership and subscription	31.79	28.16
Communication charges	44.40	23.66
Software running expenses	127.07	91.63
Profession tax	0.05	0.14
Outsourced employees cost	4.44	7.90
Training and recruitment expenses	31.81	30.03
Business promotion	32.83	25.20
Auditors' remuneration (refer details below)	6.91	6.11
Referral fees paid	30.69	55.54
Directors sitting fees	3.80	1.00
Foreign - Exchange Gain/Loss	0.56	2.75
Miscellaneous expenses	20.65	23.28
<b>Total</b>	<b>1,506.05</b>	<b>1,132.02</b>

### As Auditor:

Statutory audit	3.50	3.50
Tax audit	1.00	1.00
Limited review	1.53	1.50
Other fees	0.88	0.11
<b>Total</b>	<b>6.91</b>	<b>6.11</b>



# Notes to the Financial Statements for the year ended March 31, 2016

## 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, 2016, 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 ₹ 9.89 lakh. This sum has been recovered from the Company over the period of vesting. Accordingly, sum of ₹ 14.87 lakh has been recovered from the Company during the year 2013-14, ₹ 5.10 lakh excess recovered has been received back by the company during the year 2014-15 and ₹ 0.12 lakh has been recovered during the year 2015-16 which has been charged/credited to the statement of profit and loss.

## 22 Employee Benefit Plans

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

Particulars	2015-16	2014-15
Current Service Cost	26.08	18.73
Past Service Cost	-	-
Interest Cost	5.96	4.38
Expected Return on Plan Assets	-	-
Actuarial Losses / (Gain)	4.60	(1.77)
Losses / (Gains) on "Curtailements and Settlements"	-	-
<b>Total expense recognized in the statement of profit and loss</b>	<b>36.65</b>	<b>21.34</b>

### b) Amount recognised in the Balance sheet (₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Closing present value of obligations	86.18	49.54
<b>Liability recognised in the Balance Sheet</b>	<b>86.18</b>	<b>49.54</b>

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

Particulars	March 31, 2016	March 31, 2015
Opening Present Value of Obligation	49.54	28.20
Current Service Cost	26.08	18.73
Interest Cost on Defined Benefit Obligation	5.96	4.38
Actuarial Losses/(Gain) recognise	4.60	(1.77)
Liabilities assumed on Acquisition/(Settled on Divestiture)	-	-
Benefits paid	-	-
<b>Closing present value of obligation</b>	<b>86.18</b>	<b>49.54</b>

### d) Expected return on Plan Assets

Particulars	As at March 31				
	2016	2015	2014	2013	2012
Defined benefit obligation	86.18	49.54	28.20	13.74	-
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(86.18)	(49.54)	(28.20)	(13.74)	-
Exp adjustment on Plan Liabilities	4.05	(10.24)	(1.38)	-	-
Exp adjustment on Plan Assets	-	-	-	-	-

# Notes to the Financial Statements for the year ended March 31, 2016

## e) Financial assumptions at the valuation date

Particulars	2015-16	2014-15
Discount Rate (per annum)	7.85%	7.90%
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 other relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

## 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 (with whom transactions were carried out during current and previous year):

#### A. Ultimate Holding Company

Larsen & Toubro Limited

#### B. Holding Company

L&T Finance Holdings Limited

#### C. Fellow Subsidiaries

L&T Housing Finance Limited

L&T Finance Limited

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

L&T Investment Management Limited

L&T Capital Company Limited

L&T Parel Project LLP

#### 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	2015-16	2014-15
<b>1 Remuneration paid - KMP #</b>		
Mr. Ved Prakash Chaturvedi	-	62.18
<b>2 Subscription of Equity Shares</b>		
L&T Finance Holdings Limited		
Balance at the beginning of the year	2,275.00	1,675.00
Add : Shares issued during the year	2,500.00	600.00
Balance at the end of the year	4,775.00	2,275.00
<b>3 Intercorporate borrowings taken</b>		
L&T Finance Holdings Limited	-	75.00
<b>4 Intercorporate borrowings repaid</b>		
L&T Finance Holdings Limited	-	75.00

# Notes to the Financial Statements for the year ended March 31, 2016

Nature of transactions	2015-16	2014-15
<b>5 Overhead support charges paid</b>		
L&T Finance Holdings Limited	175.95	265.23
L&T Finance Limited	180.52	126.97
<b>6 ESOP Charges Paid</b>		
L&T Finance Holdings Limited	0.12	(5.10)
<b>7 Interest on inter-company deposits paid</b>		
L&T Finance Holdings Limited	-	0.06
<b>8 Rent paid</b>		
L&T Vrindavan Properties Limited	16.19	15.20
L&T Finance Limited	9.53	3.31
Larsen & Toubro Limited	109.48	-
<b>9 Other expenses paid to</b>		
Larsen & Toubro Limited	28.89	18.44
L&T Finance Limited	7.85	2.23
L&T Vrindavan Properties Limited	8.08	6.42
<b>10 Brokerage &amp; Commission earned from</b>		
L&T Finance Limited	5.08	-
L&T Capital Company Limited	-	11.37
Larsen & Toubro Ltd (Realty Div)	3.06	16.85
L&T Parel Project LLP	(2.56)	15.41
L&T Housing Finance Ltd	4.05	0.46
L&T Investment Management Limited	68.82	250.12

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>1 ESOP charges payable</b>		
L&T Finance Holdings Limited	-	0.15
<b>2 Other expenses payable</b>		
Larsen & Toubro Limited	50.24	3.24
L&T Finance Limited	4.47	-
<b>3 Other expenses receivable</b>		
Larsen & Toubro Ltd (Realty Div)	0.20	-
<b>4 Brokerage &amp; Commission receivable</b>		
L&T Finance Limited	6.87	1.79
Larsen & Toubro Ltd (Realty Div)	-	3.26
L&T Parel Project LLP	-	10.24
L&T Investment Management Limited	16.72	7.45
L&T Housing Finance Ltd	0.45	-
<b>5 Security Deposit- Rent</b>		
L&T Vrindavan Properties Limited	6.60	6.60

**Note:**

# Managerial Remuneration excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

Transaction shown above are inclusive of Service Tax if any

# Notes to the Financial Statements for the year ended March 31, 2016

## 24 Earnings per Share

Particulars	Unit	2015-16	2014-15
Net loss after tax	₹ in Lakhs	(2,373.38)	(411.73)
Nominal value of equity shares	₹	10	10
Weighted average equity shares for basic and diluted earnings per share	No.	33,864,754	19,840,411
Basic and diluted earnings per share	₹	(7.01)	(2.08)

## 25 Capital and other commitments

The Company has an outstanding capital commitment amount of ₹14.32 lakhs (Previous year : ₹ 0.26 lakhs)

## 26 Expenditure in foreign currency

(₹ in Lakhs)

Particulars	2015-16	2014-15
Professional fees	41.78	30.72
Salaries, wages and bonus	336.23	76.61
Other expenses	131.04	60.61
<b>Total</b>	<b>509.05</b>	<b>167.94</b>

## 27 Operating Lease

The Company has taken premises on non-cancellable operating lease. Lease payments includes ₹ 244.38 lakhs (Previous year : ₹ 184.73 lakhs) recognised in the Statement of Profit and Loss. The total of future minimum lease payments under non-cancellable operating lease are :

(₹ in Lakhs)

Particulars	2015-16	2014-15
Not later than one year	7.28	14.21
Later than one year and not later than five years	-	7.28
Later than five years	-	-
<b>Total</b>	<b>7.28</b>	<b>21.49</b>

## 28 Contingent liabilities

Contingent liabilities as on March 31, 2016 is Nil (March 31, 2015: Nil)

## 29 Previous year figures

Previous year 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

**Thomas Mathew T.**  
Director  
DIN : 00130282

**Rahul Mehta**  
Head-Accounts

Place: Mumbai  
Date : April 28, 2016

**Dinanath Dubhashi**  
Director  
DIN : 03545900

**Bharti Jain**  
Company Secretary

Place: Mumbai  
Date : April 28, 2016