

# Board's Report

Dear Members,

The Directors of your Company have pleasure in presenting the Fifth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

## FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31, 2017 as compared to the previous financial year ended March 31, 2016 is given below:

Particulars	₹ in Lakhs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	6,211.87	2,929.19
Less: Total Expenses	5,780.26	5,395.21
Profit/ (Loss) before Tax	431.61	(2,466.02)
Provision for Tax	(9.17)	-
Deferred tax	155.82	(0.12)
Profit/ (Loss) after Tax	578.26	(2,465.90)
Other Comprehensive Income	22.31	(4.60)
Total Comprehensive Income for the year	600.57	(2,470.50)
Add: Balance brought forward from previous years	(4,209.63)	(1,739.13)
<b>Surplus / (Deficit) in the Statement of Profit and Loss</b>	<b>(3,609.06)</b>	<b>(4,209.63)</b>

## INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

### • Performance of Businesses

The Company is in the business of distribution of financial products. The Company also has a PMS license from SEBI and has recently received SEBI license for Investment Advisory Services. The Company operates from 9 locations in India and Dubai. The Company helps high networth individuals with their investment decisions across

financial products. The Company has tie ups in place with Mutual Funds, PMS Service Providers, AIF Managers, Equity Broking, Debt desk, Estate Planning Services & Real Estate Service Providers. The Company caters to Individuals, Trusts and Corporate Clients. The Company is a registered licensed service provider in Dubai International Financial Centre. It caters to investment solutions for clients based in the Middle East. It has tie ups with banks, Insurance companies and brokers for catering to its clients from Dubai.

The Company caters to more than 5000 clients and currently has Average Assets Under Advise of more than ₹ 13,500 Crore.

### • Financial Performance

- The Average Assets Under Service ("AAUS") has increased by 46%, from ₹ 9,31,600 Lakhs in the financial year 2015-16 to ₹ 13,62,300 Lakhs in the financial year 2016-17.
- Networth of the Company as on March 31, 2017 was ₹ 1557.49 Lakhs as against ₹ 707.61 Lakhs as on March 31, 2016.

### Initiatives undertaken during the year

After the restructuring process beginning FY17, the wealth management division reported better sales productivity, asset growth, revenue growth and client retention as well as profitability.

The number of clients increased from around 4,000 to 5,400 at the end of FY17. The main drivers of productivity included increase in the AUS/RM and revenue /RM by more than 100% each. Increase in the products offered played a key driver for increased revenues. Dubai division provided strong shoulders by providing revenues which accounted for 15% of the business revenues.

Going forward, the newly acquired advisory license and cross sell of internal products will help in improving the growth of the firm.

### MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of financial year to which this financial statement relate and the date of this Report.

### DIVIDEND

The Directors have considered it financially prudent in

the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the financial year ended March 31, 2017.

## SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 55,00,00,000/- (Rupees Fifty Five Crores only) divided into 5,50,00,000 (Five Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each.

During the financial year 2016-17, the Company has allotted 20,00,000 (Twenty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each, aggregating to ₹ 2,00,00,000 (Rupees Two Crores only) to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2017, the Paid-up Capital of the Company stands at ₹ 49,75,00,000/- (Rupees Forty Nine Crore Seventy Five Lakhs 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. As on March 31, 2017, 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

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

- Mr. Dinanath Dubhashi and Mr. G. Krishnamurthy were appointed as Non-Executive Directors on April 13, 2016 and April 28, 2016, respectively.
- Ms. Raji Vishwanathan and Mr. G. Krishnamurthy have resigned from the Board with effect from April 19, 2016 and June 8, 2016, respectively, due to their relinquishment of their employment with L&T Financial Services Group.

The Board places on record its appreciation of the valuable services rendered by the aforesaid Directors during their tenure as the Directors of the Company.

Terms and conditions of appointment of Independent Directors are placed on the website of the Company under the link <http://www.ltf.com>.

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

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Dinanath Dubhashi, Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

## 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 and October 21, 2016, pursuant to the provisions of the Act.

## DECLARATION BY INDEPENDENT DIRECTORS

Both the 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

As on March 31, 2017, 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)

\* Resigned effective May 2, 2017 and Ms. Urvashi Singh has been appointed as the Company Secretary effective May 2, 2017.

## COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

### A) Background

Section 178 of the Companies Act, 2013 ("the Act") requires the Nomination and Remuneration Committee ("NRC") of the Company to formulate

a Policy relating to the remuneration for the Directors, Key Managerial Personnel (“KMP”) and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board’s Report.

Further, Section 134 of the Act stipulates that the Board’s Report shall include a statement on Company’s Policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors’ appointment and remuneration for Directors, KMPs and other employees.

**B) Brief Framework of the Policy**

**The objective of this Policy is:**

- a) to determine inter-alia, qualifications, positive attributes and independence of a Director;
- b) to guide on matters relating to appointment and removal of Directors, and Senior Management;
- c) to lay down criteria/evaluate performance of the Directors; and
- d) to guide on determination of remuneration of the Directors, KMP and other employees.

**C) Appointment of Director(s)**

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, as the case may be. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before their appointment as an Independent Director.

No person is 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 Managing Director and Whole-Time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy position as a Managing Director/Whole-Time Director beyond the age of seventy years, unless their appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

The Company has framed a Code of Conduct for its Directors. The Directors have to abide by the Code of Conduct and ensure compliance of the same.

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

• **Non-Executive Directors/Independent Directors**

The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

- Membership & attendance – Board and Committee Meetings
- Contribution during such meetings
- Active participation in strategic decision making
- Inputs to executive management on matters of strategic importance
- Such other matters as the NRC/Board may determine from time to time

• **Senior Management/KMPs/Employees**

The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs 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 Manager(s)/ Management to determine whether the performance benchmarks are achieved. 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 authorized to design the framework for evaluating the KMP/Senior Management Personnel/ Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

### **E) Criteria for Remuneration**

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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.

### **PERFORMANCE EVALUATION**

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

#### **Manner of Evaluation**

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

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

The process of the annual performance evaluation broadly comprises:

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

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

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

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

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

- Evaluation done by Board members is submitted to the Chairperson of Nomination and Remuneration Committee of L&T Finance Holdings Limited, the holding company and feedback is provided to the Chairperson of the Company.

### **STATUTORY AUDITORS**

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, Members at their Fourth AGM held on August 23, 2016 have appointed M/s. Sharp and Tannan, Chartered Accountants as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Fourth AGM till the conclusion of the Ninth AGM.

Further, in terms of Section 139(1) of the Act the appointment of statutory auditor is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp and Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the Members at the ensuing Fifth AGM.

In this regard the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

### **AUDITORS' REPORT**

The Auditors' Report to the Shareholders for the year under review does not contain any qualification. 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 Companies Act, 2013.

### **PARTICULARS OF EMPLOYEES**

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

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

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

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

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

- Foreign exchange inflows – ₹ 839.31 Lakhs (previous year ₹ 262.34 Lakhs)
- Foreign exchange outflows – ₹ 738.38 Lakhs (previous year ₹ 509.05 Lakhs)

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

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

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to

material departures, if any;

2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs 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 laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. 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 CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function of L&T Financial Services Group. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

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

### **BOARD MEETINGS**

During the financial year 2016-17, the Board of Directors of the Company met 5 (five) times on April 28, 2016, July 20, 2016, October 21, 2016, January 20, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 was as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Thomas Mathew T.	00130282	C-ID	5	5
Dr.(Mrs.) Rajani R. Gupte	03172965	ID	5	5
Mr. Dinanath Dubhashi	03545900	NED	5	5

C-Chairperson ID - Independent Director NED - Non-Executive Director

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

As on date of report, the Audit Committee comprises Dr. (Mrs.) Rajani R. Gupte, Mr. Thomas Mathew T. and Mr. Dinanath Dubhashi.

The role, terms of reference, authority and powers of the Audit Committee are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

During the financial year 2016-17, 5 (five) such Meetings of the Audit Committee were held on April 28, 2016, July 20, 2016, October 21, 2016, January 20, 2017 and March 22, 2017.

The attendance of Members at the Meetings held during the FY 2016-17 was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Dr.(Mrs.) Rajani R. Gupte	5	4
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	5	5

### COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

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 Committee has formulated a policy on directors' appointment and remuneration

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

During the financial year the committee met 4 (four) times i.e. on April 28, 2016, July 20, 2016, September 14, 2016 and January 20, 2017. The attendance of members at the meetings held during FY 2016-17 was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Dr.(Mrs.) Rajani R. Gupte	4	4
Mr. Thomas Mathew T.	4	4
Mr. Dinanath Dubhashi	4	4

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

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 to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

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

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

The mechanism framed by the Company is in compliance with the requirements of the Act and available on the website of the Company at <http://www.ltf.com>.

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

Details of loans given, investments made, guarantees given and securities provided, if any, are covered under the provisions of Section 186 of the Act and are given in the notes to the financial statements.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

In line with the requirements of the Companies Act, 2013 and pursuant to the recommendations of the Audit Committee ("AC"), the Board of Directors at its meeting held on July 17, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), for the Company. The same is also available on the website of the Company at <http://www.ltf.com>. 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 transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs 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 RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

## **RISK MANAGEMENT POLICY**

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

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

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work

Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaints 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 No. MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure B** 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.

## **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**

**Thomas Mathew**  
Chairperson  
DIN: 00130282

**Dinanath Dubhashi**  
Director  
DIN: 03545900

**Place :** Mumbai

**Date :** May 2, 2017

# Annexure 'B' to Board's Report

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on March 31, 2017**  
**[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management & Administration) Rules, 2014.]**

## I. REGISTRATION AND OTHER DETAILS

i)	<b>CIN</b>	U67190MH2013PLC240261
ii)	<b>Registration Date</b>	February 7, 2013
iii)	<b>Name of the Company</b>	L&T Capital Markets Limited
iv)	<b>Category / Sub- Category of the Company</b>	Public Limited Company by Share/ Indian Non Government Company
v)	<b>Address of the Registered office &amp; contact details</b>	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001, Maharashtra, India. Website : www.ltfs.com
vi)	<b>Whether listed company</b>	No
vii)	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	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

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

Sr. No.	Name of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	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*	-	-	6*	6*	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	4,77,49,994	4,77,49,994	100	-	4,97,49,994	4,97,49,994	100	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL(A) (1)</b>	-	<b>*4,77,50,000</b>	<b>*4,77,50,000</b>	<b>100</b>	-	<b>*4,97,50,000</b>	<b>*4,97,50,000</b>	<b>100</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	Physical	Total	% of Total Shares	Demat	Physical	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>	-	<b>*4,77,50,000</b>	<b>*4,77,50,000</b>	<b>100</b>	-	<b>*4,97,50,000</b>	<b>*4,97,50,000</b>	<b>100</b>	-
<b>B. PUBLIC SHAREHOLDING</b>	-	-	-	-	-	-	-	-	-
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/Fl	-	-	-	-	-	-	-	-	-
C) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII/S	-	-	-	-	-	-	-	-	-
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>	-	<b>*4,77,50,000</b>	<b>*4,77,50,000</b>	<b>100</b>	-	<b>*4,97,50,000</b>	<b>*4,97,50,000</b>	<b>100</b>	-

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

**(ii) SHARE HOLDING OF PROMOTERS**

S.No	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	* L&T Finance Holdings Limited	4,77,50,000	100	0	4,97,50,000	100	0	0
	<b>Total</b>	4,77,50,000	100	0	4,97,50,000	100	0	0

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

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

Sr. No.		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	4,77,50,000	100		
	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	4,97,50,000	100		

# Shares allotted during the year as given below:

Sr. No.	Name	Shareholding		Date	Allotment of Shares	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	L&T Finance Holdings Limited	4,77,50,000	100	30.06.2016	20,00,000	Allotment of Shares on Right Basis	4,97,50,000	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
1	* Mr. Dinanath Dubhashi				
	At the beginning of the year	1	0.0	1	0.0
	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	1	0.0	1	0.0
	<b>TOTAL</b>	1	0.0	1	0.0

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

V. INDEBTEDNESS

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

(Amount in ₹)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Particulars of Remuneration	Manager	Total Amount
<b>Gross salary</b>		
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 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:**

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Thomas Mathew T.	Dr. Mrs. Rajani R. Gupte	
1	Independent Directors			
	(a) Fee for attending board and Committee meetings	3,20,000	3,00,000	6,20,000
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	<b>Total (1)</b>	<b>3,20,000</b>	<b>3,00,000</b>	<b>6,20,000</b>
2	Other Non Executive Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>3,20,000</b>	<b>3,00,000</b>	<b>6,20,000</b>
	<b>Total Managerial Remuneration (A+B)</b>	<b>-</b>	<b>-</b>	<b>6,20,000</b>
	<b>Overall Ceiling as per the Act</b>	<b>₹ 48.16 Lakhs (being 11% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013.</b>		

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		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.	21,56,83,968	-	-	-
	(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>21,56,83,968</b>	<b>-</b>	<b>-</b>	<b>-</b>

\*The Company Secretary and CFO of the Company, drew their remuneration from another company within the L&T Financial Services Group.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE**

# Independent Auditor's Report

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

### **Report on the standalone Indian Accounting Standards (Ind AS) financial statements**

We have audited the accompanying standalone Ind AS financial statements of L&T Capital Markets Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

### **Management's responsibility for the standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

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

### **Auditor's responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters

which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Other matters**

The transition date opening balance sheet as at 1 April 2015 included in the standalone Ind AS financial statement, is based on the previously issued statutory

financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by other auditors on which they expressed an unmodified opinion dated 21 April 2015. The adjustments to these financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our report is not qualified in respect of this matter.

### **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, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
  - e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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; and

- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position – refer note 32 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and are in accordance with books of account maintained by the Company refer note 28 to the standalone Ind AS financial statements.

### **Sharp & Tannan**

Chartered Accountants  
Firm's registration no. 109982W

### **Firdosh D. Buchia**

Partner  
Membership No. 038332  
Mumbai, 02 May 2017

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

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

- 1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable properties, accordingly, reporting on clause (i) (c) of the Order is not applicable.
- 2 According to the information and explanations given to us, the Company is engaged primarily in services related to financial services activities and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.
- 3 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 and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a), (b) and (c) of the Order is not applicable.
- 4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.
- 5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.
- 6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.
- 7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is 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 other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 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 were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.
- 8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders as at the balance sheet date, accordingly, reporting on clause (viii) of the Order is not applicable.
- 9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, reporting on clause (ix) of the Order is not applicable.
- 10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.
- 11 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with

the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

- 12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting under clause (xii) of the Order is not applicable.
- 13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- 14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.
- 15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, reporting on clause (xv) of the Order is not applicable.
- 16 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, accordingly, reporting under clause (xvi) of the Order is not applicable.

**Sharp & Tannan**

Chartered Accountants

Firm's registration no. 109982W

**Firdosh D. Buchia**

Partner

Membership No. 038332

Mumbai, 02 May 2017



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

(Referred to in paragraph 2(f) under '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 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over

financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 internal financial controls over financial reporting issued by the ICAI.

**Sharp & Tannan**

Chartered Accountants

Firm's registration no. 109982W

**Firdosh D. Buchia**

Partner

Membership No. 038332

Mumbai, 02 May 2017

# Balance Sheet as at March 31, 2017

(₹ In lakhs)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	4	38.45	72.93	75.27
(b) Intangible assets	4	42.31	11.16	16.12
(c) Capital work-in-progress	4	18.47	10.94	1.39
(d) Financial Assets				
(i) Long-term loans and advances	5	217.77	178.90	77.27
(e) Deferred tax assets (net)	13	154.40	-	-
(f) Other non-current assets	6	-	-	2.43
		471.40	273.93	172.48
<b>Current assets</b>				
(a) Financial Assets				
(i) Current investments	7	512.24	532.19	470.57
(ii) Cash and cash equivalents	8	542.21	120.27	140.90
(iii) Short-term loans and advances	9	69.76	0.37	118.56
(iv) Trade receivables	10	1,010.37	467.31	280.03
(v) Other assets	11	8.81	18.50	8.35
(c) Other current assets	12	49.84	47.42	39.93
		2,193.23	1,186.06	1,058.34
<b>Total</b>		<b>2,664.63</b>	<b>1,459.99</b>	<b>1,230.82</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Share capital	14	4,975.00	4,775.00	2,275.00
(b) Other Equity				
(i) Retained Earnings	15	(3,609.06)	(4,209.63)	(1,739.15)
(ii) ESOP		191.55	142.24	43.10
		1,557.49	707.61	578.95
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Long-term provisions	16	130.14	86.18	49.54
(b) Deferred tax liabilities (net)	13	-	1.42	1.54
		130.14	87.60	51.08
<b>Current liabilities</b>				
(a) Other current liabilities	17	593.08	468.00	424.02
(b) Short-term provisions	18	383.92	196.78	176.77
		977.00	664.78	600.79
<b>Total</b>		<b>2,664.63</b>	<b>1,459.99</b>	<b>1,230.82</b>

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

**Firdosh D. Buchia**

Partner

Membership No.: 38332

For and on behalf of the Board of Directors of

**L&T Capital Markets Limited**

**T. Thomas Mathew**

Chairperson

DIN: 00130282

**Urvashi Singh**

Company Secretary

**Dinanath Dubhashi**

Director

DIN: 03545900

**Rahul Mehta**

Head-Accounts

Place: Mumbai

Date: May 2, 2017

Place: Mumbai

Date: May 2, 2017

# Statement of Profit and Loss for the year ended March 31, 2017

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations	19	4,965.98	2,896.28
Other income	20	1,245.89	32.91
<b>Total Income (I)</b>		<b>6,211.87</b>	<b>2,929.19</b>
<b>Expenditure</b>			
Employee benefit expenses	21	4,712.96	3,839.13
Other expenses	22	1,021.04	1,504.31
Depreciation and amortisation expense		46.26	51.77
<b>Total Expenditure (II)</b>		<b>5,780.26</b>	<b>5,395.21</b>
Profit / (Loss) before tax (III)=(I)-(II)		431.61	(2,466.02)
<b>Tax Expense (IV)</b>			
Current Tax		83.03	-
MAT credit entitlement		(73.86)	-
Deferred Tax		(155.82)	(0.12)
<b>Net profit / (Loss) for the year (V)=(III)-(IV)</b>		<b>578.26</b>	<b>(2,465.90)</b>
Other Comprehensive Income (VI)		22.31	(4.60)
<b>Total Comprehensive Income for the year (V)+(VI)</b>		<b>600.57</b>	<b>(2,470.50)</b>
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic earnings per equity share (₹)		1.17	(7.28)
Diluted earnings per equity share (₹)		1.17	(7.28)

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

**Firdosh D. Buchia**

Partner

Membership No.: 38332

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

**T. Thomas Mathew**

Chairperson

DIN: 00130282

**Urvashi Singh**

Company Secretary

Place: Mumbai

Date: May 2, 2017

**Dinanath Dubhashi**

Director

DIN: 03545900

**Rahul Mehta**

Head-Accounts

Place: Mumbai

Date: May 2, 2017

# Cash Flow Statement for the year ended March 31, 2017

(₹ In lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flow from operating activities</b>		
<b>Profit / (Loss) before tax</b>	431.61	(2,466.02)
Other comprehensive Income	22.31	(4.60)
	<b>453.92</b>	<b>(2,470.62)</b>
<b>Adjustments for:</b>		
Foreign - Exchange Gain / Loss	14.83	0.56
Loss on sale of fixed assets	2.49	-
Provision for gratuity	22.36	36.65
Provision for leave benefits	122.19	65.18
Profit on sale of current investments (net)	(23.41)	(31.77)
Depreciation on tangible & intangible assets	46.26	51.76
Provision for clawback	15.00	(41.35)
Write off	25.50	-
ESOP Expenses	49.31	99.14
	274.53	180.17
<b>Operating loss before working capital changes</b>	<b>728.45</b>	<b>(2,290.45)</b>
<b>Movements in working capital</b>		
(Increase) / decrease in long term loans and advances	44.52	(52.88)
(Increase) / decrease in short term loans and advances	(69.39)	18.60
(Increase) / decrease in trade receivables	(568.56)	(187.27)
(Increase) / decrease in Other Assets	7.27	(10.15)
Increase / (decrease) in other current liabilities and provisions	151.01	40.17
	(435.15)	(191.53)
Cash used in operating activities	293.30	(2,481.98)
Direct taxes paid	(46.94)	45.77
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>246.36</b>	<b>(2,436.21)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible & intangible assets	(59.77)	(54.02)
Sale of tangible & intangible assets	6.82	-
Purchase of current investments	(5,047.00)	(2,895.00)
Proceeds on sale of current investments	5,090.36	2,865.16
<b>Net cash used in investing activities (B)</b>	<b>(9.59)</b>	<b>(83.86)</b>

# Cash Flow Statement for the year ended March 31, 2017

Particulars	(₹ In lakhs)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	200.00	2,500.00
<b>Net cash from financing activities (C)</b>	<b>200.00</b>	<b>2,500.00</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>436.77</b>	<b>(20.07)</b>
Cash and cash equivalents as at beginning of the year	120.27	140.91
Add: Effect of exchange differences on cash and cash equivalents held in foreign currency	(14.83)	(0.57)
<b>Cash and cash equivalents as at end of the year</b>	<b>542.21</b>	<b>120.27</b>
<b>Cash and cash equivalents comprises of:</b>		
Cash on hand	0.30	0.73
Balance with bank	541.91	119.54
<b>Total cash and cash equivalents (refer note 8)</b>	<b>542.21</b>	<b>120.27</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

**Firdosh D. Buchia**

Partner

Membership No.: 38332

Place: Mumbai

Date: May 2, 2017

For and on behalf of the Board of Directors of

**L&T Capital Markets Limited**

**T. Thomas Mathew**

Chairperson

DIN: 00130282

**Urvashi Singh**

Company Secretary

Place: Mumbai

Date: May 2, 2017

**Dinanath Dubhashi**

Director

DIN: 03545900

**Rahul Mehta**

Head-Accounts

# Statement of change in equity for the year ended March 31, 2017

(₹ In lakhs)

## a. Equity Share Capital

Balance as at April 1, 2015	Change during year	Balance as at March 31, 2016
2,275.00	2,500.00	4,775.00
Balance as at April 1, 2016	Change during year	Balance as at March 31, 2017
4,775.00	200.00	4,975.00

## b. Other Equity

Particulars	Retained Earnings	Total
<b>Balance as at April 1, 2015</b>	<b>(1,739.13)</b>	<b>(1,739.13)</b>
Change in accounting policy/prior period error	-	-
Restated balance at the beginning of the reporting period	-	-
Total Comprehensive Income for the period	(2,470.50)	(2,470.50)
Dividends	-	-
Transfer to retained earnings	-	-
Any other change (to be specified)	-	-
<b>Balance as at March 31, 2016</b>	<b>(4,209.63)</b>	<b>(4,209.63)</b>

Particulars	Retained Earnings	Total
<b>Balance as at April 1, 2016</b>	<b>(4,209.63)</b>	<b>(4,209.63)</b>
Change in accounting policy/prior period error	-	-
Restated balance at the beginning of the reporting period	-	-
Total Comprehensive Income for the period	600.57	600.57
Dividends	-	-
Transfer to retained earnings	-	-
Any other change (to be specified)	-	-
<b>Balance as at March 31, 2017</b>	<b>(3,609.06)</b>	<b>(3,609.06)</b>

As per our report attached

### SHARP & TANNAN

Chartered Accountants

Firm's Registration No.: 109982W

by the hand of

### Firdosh D. Buchia

Partner

Membership No.: 38332

Place: Mumbai

Date: May 2, 2017

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

### T. Thomas Mathew

Chairperson

DIN: 00130282

### Urvashi Singh

Company Secretary

Place: Mumbai

Date: May 2, 2017

### Dinanath Dubhashi

Director

DIN: 03545900

### Rahul Mehta

Head-Accounts

# Notes to the Financial Statements for the year ended March 31, 2017

## 1 Background

L&T Capital Markets Limited (the 'Company') is a public company domiciled in India and incorporated on February 7, 2013 under the provisions of the Companies Act, 1956. The principal shareholder of the Company as at March 31, 2017 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

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has been affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016 (Refer Note 35).

The financial statements have been prepared on accrual basis and under the historical cost convention along with other permissible measurement basis.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities.

### 2.2 Financial Instruments

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

### (a) Financial Assets

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

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

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

### (b) Financial Liabilities

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

### 2.3 Share Capital

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

### 2.4 Tangible 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.

### 2.5 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



# Notes to the Financial Statements for the year ended March 31, 2017

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.

## 2.6 Intangible Assets and Amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

## 2.7 Impairment on 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 price and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

## 2.8 Leases (where the company is lessee)

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

## 2.9 Employee benefits

### Short term

Short term employee benefits include salaries, allowances and performance incentives. A liability

is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

### Long term

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

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

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

### (b) Defined benefit plans - Gratuity

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

# Notes to the Financial Statements for the year ended March 31, 2017

past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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

## **(c) Compensated Absences**

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

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

The Employee Stock Options Scheme ("the Scheme") has been established by the ultimate holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the ultimate holding company that vest in a graded manner. The

options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company.

## **2.10 Revenue Recognition**

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

### **(a) Dividend income**

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

### **(b) Interest income**

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

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

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

## **2.11 Claw-back Provision**

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

Provision towards such claw-back of the upfront commission on distribution of units of mutual

# Notes to the Financial Statements for the year ended March 31, 2017

fund is made based on management estimate of premature redemption of the mutual fund units by the clients.

## 2.12 Foreign Currency Transactions

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

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

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

## 2.13 Overhead Support Charges

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

## 2.14 Income Taxes

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

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

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

## 2.15 Provisions, Contingent Liabilities & Contingent Assets

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

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

Contingent Assets are disclosed in the financial statement when an inflow of economic benefits are probable.

## 2.16 Earning Per Share

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

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

## 3 Critical Estimates and judgements

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

The areas involving critical estimates or judgements are:

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

**4 FIXED ASSETS**

Particulars	Gross Block (at cost)			Depreciation / Amortisation			Net Block	
	As at April 1, 2016	Addition	Disposal	As at March 31, 2016	Charge for the period	Disposal	As at March 31, 2017	As at March 31, 2016
<b>Property, Plant and Equipment</b>								
Computers	59.83	5.67	-	65.50	20.89	21.48	42.37	23.13
Furniture and fixtures	13.90	-	2.97	10.93	1.89	1.19	1.81	9.12
Office equipments	16.00	-	4.85	11.15	3.45	3.06	5.22	12.55
Leasehold improvements	24.49	-	9.54	14.95	15.06	5.11	14.68	0.27
<b>(A)</b>	<b>114.23</b>	<b>5.67</b>	<b>17.36</b>	<b>102.54</b>	<b>41.30</b>	<b>30.84</b>	<b>64.09</b>	<b>72.93</b>
<b>Intangible Assets</b>								
Software	25.04	46.57	-	71.61	13.88	15.42	29.30	42.31
<b>(B)</b>	<b>25.04</b>	<b>46.57</b>	<b>-</b>	<b>71.61</b>	<b>13.88</b>	<b>15.42</b>	<b>29.30</b>	<b>42.31</b>
<b>Total</b>	<b>139.27</b>	<b>52.24</b>	<b>17.36</b>	<b>174.15</b>	<b>55.18</b>	<b>46.26</b>	<b>93.39</b>	<b>84.09</b>
Add : Capital Work-in-Progress								18.47
								<b>99.23</b>

Particulars	Gross Block (at cost)			Depreciation / Amortisation			Net Block	
	As at April 1, 2015	Addition	Disposal	As at April 1, 2015	Charge for the period	Disposal	As at March 31, 2016	As at April 1, 2015
<b>Property, Plant and Equipment</b>								
Computers	30.04	29.79	-	59.83	-	20.89	20.89	38.94
Furniture and fixtures	10.99	2.91	-	13.90	-	1.89	1.89	12.01
Office equipments	11.56	4.44	-	16.00	-	3.45	3.45	12.55
Leasehold improvements	22.67	1.82	-	24.49	-	15.07	15.07	9.42
<b>(A)</b>	<b>75.27</b>	<b>38.96</b>	<b>-</b>	<b>114.23</b>	<b>-</b>	<b>41.30</b>	<b>41.30</b>	<b>72.93</b>
<b>Intangible Assets</b>								
Software	19.53	5.51	-	25.04	3.41	10.47	13.88	11.16
<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>13.88</b>	<b>11.16</b>
<b>Total</b>	<b>94.80</b>	<b>44.47</b>	<b>-</b>	<b>139.27</b>	<b>3.41</b>	<b>51.77</b>	<b>55.18</b>	<b>84.09</b>
Add : Capital Work-in-Progress								10.94
								<b>95.03</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## 5 Long-term loans and advances (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Security deposits	47.55	92.07	36.21
Advance income tax	96.36	86.83	41.06
MAT Credit Entitlement	73.86	-	-
<b>Total</b>	<b>217.77</b>	<b>178.90</b>	<b>77.27</b>

## 6 Other non-current assets (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	-	-	2.43
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.43</b>

## 7 Current investments (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (valued at lower of cost and fair value; unless stated otherwise)			
Unquoted mutual funds			
L&T Liquid Fund	512.24	532.19	470.57
No. of units: 2,804.260 (March 31, 2016: 25,612.090)			
<b>Total</b>	<b>512.24</b>	<b>532.19</b>	<b>470.57</b>
Notes:			
a) Aggregate amount of unquoted investments	512.24	532.19	470.57
b) Aggregate amount of quoted investments	-	-	-

## 8 Cash and cash equivalents (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	0.30	0.73	0.37
Balances with banks -			
In current accounts	541.91	119.54	140.53
<b>Total</b>	<b>542.21</b>	<b>120.27</b>	<b>140.90</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## 9 Short term loans and advances

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Loans and advances to related parties	65.60	-	-
Advances recoverable in cash or kind			
Cenvat credit	4.15	0.36	118.55
Others	0.01	0.01	0.01
<b>Total</b>	<b>69.76</b>	<b>0.37</b>	<b>118.56</b>

## 10 Trade receivables

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Debts outstanding for a period exceeding six months	34.93	2.75	-
Less: Provision for bad and doubtful debts	(34.93)	-	-
	-	2.75	-
Others	1,010.37	464.56	280.03
<b>Total</b>	<b>1,010.37</b>	<b>467.31</b>	<b>280.03</b>

## 11 Other assets

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee Recoverable	8.81	18.50	8.35
<b>Total</b>	<b>8.81</b>	<b>18.50</b>	<b>8.35</b>

## 12 Other current assets

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance for expenses	26.68	4.86	2.02
Prepaid expenses	23.16	42.56	37.91
<b>Total</b>	<b>49.84</b>	<b>47.42</b>	<b>39.93</b>

## 13 Deferred tax assets / (liability)

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets / (liability)	154.40	(1.41)	(1.54)
<b>Total</b>	<b>154.40</b>	<b>(1.41)</b>	<b>(1.54)</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## 14 Share capital

(₹ In lakhs)

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>						
Equity shares of ₹ 10 each	50,000,000	5,000.00	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	49,750,000	4,975.00	47,750,000	4,775.00	22,750,000	2,275.00
<b>Total</b>	<b>49,750,000</b>	<b>4,975.00</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, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Balance at the beginning of the year	47,750,000	4,775.00	22,750,000	2,275.00	16,750,000	1,675.00
Add: Shares issued during the year	2,000,000	200.00	25,000,000	2,500.00	6,000,000	600.00
<b>Balance at the end of the year</b>	<b>49,750,000</b>	<b>4,975.00</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 shareholders 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

49,750,000 Equity Shares as at March 31, 2017 (March 31, 2016: 47,750,000 shares; March 31, 2015: 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, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer note c above)	49,750,000	100%	47,750,000	100%	22,750,000	100%

# Notes to the Financial Statements for the year ended March 31, 2017

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

## 15 Retained Earnings

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Surplus / (deficit) in statement of profit and loss			
Balance as at the beginning of the year	(4,209.63)	(1,739.13)	(1,293.41)
Add: Net profit/(loss) for the year	600.57	(2,470.50)	(445.74)
<b>Balance at the end of the year</b>	<b>(3,609.06)</b>	<b>(4,209.63)</b>	<b>(1,739.15)</b>

## 16 Long term provisions

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	130.14	86.18	49.54
<b>Total</b>	<b>130.14</b>	<b>86.18</b>	<b>49.54</b>

## 17 Other current liabilities

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Expenses and other payable	27.90	55.54	10.78
Statutory dues payable	96.15	89.30	59.12
Employee benefits payable	360.91	249.97	316.05
Others liabilities	108.12	73.19	38.07
<b>Total</b>	<b>593.08</b>	<b>468.00</b>	<b>424.02</b>

## 18 Short term provisions

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for leave benefits	312.29	185.77	124.41
Provision for tax	45.62	-	-
Provision for claw back of mutual fund brokerage	26.01	11.01	52.36
<b>Total</b>	<b>383.92</b>	<b>196.78</b>	<b>176.77</b>



# Notes to the Financial Statements for the year ended March 31, 2017

## 19 Revenue from operations

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Brokerage and commission on:		
Mutual fund products	3,232.53	1,905.77
Equity products	77.01	83.41
Debt products	26.22	70.33
Loan products	0.92	-
Realty deals	165.27	146.15
Other products	267.33	149.30
Referral and other fees	1,196.70	541.32
<b>Total</b>	<b>4,965.98</b>	<b>2,896.28</b>

## 20 Other income

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit on sale of investment/Gain on fair valuation	23.41	31.77
Other income	1,222.48	1.14
<b>Total</b>	<b>1,245.89</b>	<b>32.91</b>

## 21 Employee benefit expenses

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	4,305.06	3,568.95
Staff welfare	61.84	53.07
Contribution to provident and other funds		
Provident fund	137.08	120.52
Other funds	42.12	(0.63)
Gratuity	44.67	32.04
Leave benefits	122.19	65.18
<b>Total</b>	<b>4,712.96</b>	<b>3,839.13</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## 22 Other expenses

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	171.21	242.63
Rates and taxes	33.94	214.96
Overhead support charges	-	312.78
Legal and professional fees	159.84	104.99
Travelling and conveyance	99.83	140.79
Repairs & maintenance	70.17	112.76
Electricity charges	10.61	26.57
Printing and stationery	14.55	18.31
Membership and subscription	39.97	31.79
Communication charges	40.89	44.40
Software running expenses	157.69	127.07
Training and recruitment expenses	8.34	31.81
Business promotion	37.91	32.83
Auditors' remuneration (refer details below)	13.14	6.91
Referral fees paid	56.55	30.69
Directors sitting fees	6.21	3.80
Loss on sale of fixed assets	2.49	-
Foreign - Exchange Gain/Loss	14.83	0.56
Provision for Doubtful Debt	34.93	-
Write off	25.50	-
Miscellaneous expenses	22.44	20.66
<b>Total</b>	<b>1,021.04</b>	<b>1,504.31</b>

### Auditors' remuneration:

Statutory audit	4.50	3.50
Tax audit	1.00	1.00
Limited review	2.25	1.53
Other fees	5.39	0.88
<b>Total</b>	<b>13.14</b>	<b>6.91</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## 23 Fair value measurement

### a) Classification of Financial Assets and Financial Liabilities

(₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
<b>Financial Assets</b>									
Security deposits	-	-	47.55	-	-	92.07	-	-	36.21
Investments in units of mutual funds	512.24	-	-	532.19	-	-	470.57	-	-
Advances recoverable in cash or kind - Others	-	-	0.01	-	-	0.01	-	-	0.01
Trade receivables (incl. related party)	-	-	1,075.97	-	-	467.31	-	-	280.03
Cash and cash equivalents	-	-	542.21	-	-	120.27	-	-	140.90
<b>Total Financial Assets</b>	<b>512.24</b>	<b>-</b>	<b>1,665.74</b>	<b>532.19</b>	<b>-</b>	<b>679.66</b>	<b>470.57</b>	<b>-</b>	<b>457.15</b>
<b>Financial Liabilities</b>									
Trade payables	-	-	27.90	-	-	55.54	-	-	10.78
Other current liabilities	-	-	469.03	-	-	323.16	-	-	354.12
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>496.93</b>	<b>-</b>	<b>-</b>	<b>378.70</b>	<b>-</b>	<b>-</b>	<b>364.90</b>

### b) Items of Income, expense, gains or losses

(₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
<b>Net gain/(losses) on financial assets and financial liabilities</b>		
<u>Financial assets measured at amortised cost</u>		
Provision for doubtful debts (other than expected credit loss) (net)	34.93	-
Bad debts written off (net)	25.50	-
<u>Financial liabilities measured at amortised cost</u>		
Exchange differences gain/loss on re-valuation or settlement of items denominated in foreign currency (creditors, borrowing availed, etc)	14.83	0.56
<u>Mandatorily measured at fair value through P&amp;L</u>		
Gain/(loss) on fair valuation or sale of investment in mutual fund units	23.41	31.77
<b>Interest Revenue</b>		
<u>Financial assets measured at amortised cost</u>		
FS Business	0.30	0.55

### c) Maturity profile of financial liabilities (Amount at undiscounted value)

(₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	27.90	-	27.90	55.54	-	55.54	10.78	-	10.78
Other current liabilities	469.03	-	469.03	323.16	-	323.16	354.12	-	354.12
<b>Total Financial Liabilities</b>	<b>496.93</b>	<b>-</b>	<b>496.93</b>	<b>378.70</b>	<b>-</b>	<b>378.70</b>	<b>364.90</b>	<b>-</b>	<b>364.90</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## d) Fair value hierarchy

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

(₹ In lakhs)

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

### Financial Assets

Financial Investments at FVTPL	7				
Mutual funds- growth plan					
At March 31, 2017		512.24	-	-	512.24
At March 31, 2016		532.19	-	-	532.19
At April 1, 2015		470.57	-	-	470.57

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

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

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

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

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

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

## e) ECL Reconciliation on Trade Receivable

(₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
<b>Provision for doubtful debts</b>		
Opening Balance	-	-
Loss allowance based on Expected credit loss	-	-
Additional provision	(34.93)	-
Write off as bad debts	-	-
Change in loss allowance (provision for doubtful debts)	(34.93)	-
Closing Balance	(34.93)	-

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

(₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
<b>A. Assets carried at fair value through Profit and Loss</b>		
a. Investment in Mutual fund (impact of increase)	5.12	5.32
Liquid mutual funds- Interest rate increased by 1%	5.12	5.32
b. Investment in Mutual fund (impact of decrease)	(5.12)	(5.32)
Liquid mutual funds- Interest rate decreased by 1%	(5.12)	(5.32)
<b>B. Assets carried at fair value through OCI</b>	-	-

# Notes to the Financial Statements for the year ended March 31, 2017

- 24** Pursuant to the Employees Stock Options Scheme established by L&T Finance Holdings Limited ('the holding company'), stock options were granted to the employees of the Company during the financial year 2013-14.

The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company amounting to ₹ 49.31 lakh ( ₹ 99.14 lakh for FY15-16)

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

## Gratuity

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

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

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

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of defined benefit obligation	130.14	86.18	49.54
– Wholly funded	-	-	-
– Wholly unfunded	130.14	86.18	49.54
Less: Fair value of plan assets	-	-	-
<b>Amount to be recognised as liability or (asset)</b>	<b>130.14</b>	<b>86.18</b>	<b>49.54</b>
Amounts reflected in the Balance Sheet			
Liabilities	130.14	86.18	49.54
Assets			
<b>Net liability/(asset)</b>	<b>130.14</b>	<b>86.18</b>	<b>49.54</b>

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

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Opening Present Value of Obligation	86.18	49.54
Current Service Cost	37.93	28.14
Interest Cost on Defined Benefit Obligation	6.74	3.90
Actuarial Losses/(Gain) recognise to Other comprehensive income	(22.31)	4.60
Liabilities assumed on Acquisition/(Settled on Divestiture)	24.20	-
Benefits paid	(2.60)	-
Closing present value of obligation	130.14	86.18
<b>Liability recognised in the Balance Sheet</b>	<b>130.14</b>	<b>86.18</b>

# Notes to the Financial Statements for the year ended March 31, 2017

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

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Current Service Cost	37.93	28.14
Past Service Cost	-	-
Interest Cost	6.74	3.90
<b>Total amount recognised in profit &amp; loss</b>	<b>44.67</b>	<b>32.04</b>
Remeasurement during the period resulted in:		
Impact of changes in financial assumptions	8.72	0.56
Impact of experience adjustments	(31.03)	4.04
<b>Total amount recognised in other comprehensive income</b>	<b>(22.31)</b>	<b>4.60</b>
<b>Total amount recognised</b>	<b>22.36</b>	<b>36.64</b>

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

Particulars	2016-17	2015-16
Discount Rate (per annum)	7.35%	7.85%
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.

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

(₹ in lakhs)

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in salary growth rate	19.33	11.82	17.70	10.96
Impact of change in discount rate	(17.43)	(10.75)	19.20	(11.70)

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

Particulars	March 31, 2017	March 31, 2016
Gratuity Plan	14.04	14.04

# Notes to the Financial Statements for the year ended March 31, 2017

## 26 Related party disclosure

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

### (a) List of related parties:

#### A. Ultimate Holding Company

Larsen & Toubro Limited

#### B. Holding Company

L&T Finance Holdings Limited

#### C. Fellow Subsidiaries

L&T Finance Limited (erstwhile known as Family Credit Limited)

L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)

L&T Housing Finance Limited

L&T Investment Management Limited

Larsen & Toubro Limited (Realty Div)

L&T Parel Project LLP

L&T Construction Equipment Limited

L&T Infotech Limited

#### D. Key Management Personnel

Mr. Manoj Shenoy Chief Executive Officer

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

(₹ in lakhs)

Nature of transactions	March 31, 2017	March 31, 2016
<b>1 Remuneration paid - KMP</b>		
Mr. Manoj Shenoy	218.12	-
<b>2 Subscription of Equity Shares</b>		
L&T Finance Holdings Limited		
Balance at the beginning of the year	4,775.00	2,275.00
Add: Shares issued during the year	200.00	2,500.00
Balance at the end of the year	4,975.00	4,775.00
<b>3 Overhead support charges paid</b>		
L&T Finance Holdings Limited	-	175.95
L&T Finance Limited (erstwhile known as Family Credit Limited)	-	180.52
<b>4 ESOP Charges Paid</b>		
L&T Finance Holdings Limited	-	0.12
<b>5 Rent paid</b>		
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	22.13	16.19
L&T Finance Limited (erstwhile known as Family Credit Limited)	70.84	9.53
Larsen & Toubro Limited	-	109.48

# Notes to the Financial Statements for the year ended March 31, 2017

(₹ in lakhs)

Nature of transactions	March 31, 2017	March 31, 2016
<b>6 Other expenses paid to</b>		
Larsen & Toubro Limited	14.82	28.89
L&T Infotech Limited	0.80	-
L&T Finance Limited (erstwhile known as Family Credit Limited)	-	7.85
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	6.23	8.08
<b>7 Brand license fee</b>		
Larsen & Toubro Limited	4.01	-
<b>8 Brokerage &amp; Commission earned from</b>		
L&T Finance Limited (erstwhile known as Family Credit Limited)	-	5.08
Larsen & Toubro Ltd (Realty Div)	6.34	3.06
L&T Parel Project LLP	-	(2.56)
L&T Housing Finance Ltd	0.72	4.05
L&T Investment Management Limited	853.20	68.82
L&T Construction Equipment Ltd	2.22	-

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

(₹ in lakhs)

Nature of transactions	March 31, 2017	March 31, 2016	April 1, 2015
<b>1 Other expenses payable</b>			
Larsen & Toubro Limited	15.01	50.24	3.24
L&T Finance Limited (erstwhile known as Family Credit Limited)	(62.61)	4.47	-
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	0.39	-	-
<b>2 Other expenses receivable</b>			
Larsen & Toubro Ltd (Realty Div)	0.20	0.20	-
<b>3 Brokerage &amp; Commission receivable</b>			
L&T Finance Limited (erstwhile known as Family Credit Limited)	6.87	6.87	1.79
Larsen & Toubro Ltd (Realty Div)	7.29	-	3.26
L&T Parel Project LLP	-	-	10.24
L&T Investment Management Limited	111.99	16.72	7.45
L&T Housing Finance Ltd	2.99	0.45	-
<b>4 Security Deposit- Rent</b>			
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	6.60	6.60	6.60
<b>5 ESOP charges payable</b>			
L&T Finance Holdings Limited	-	-	0.15



# Notes to the Financial Statements for the year ended March 31, 2017

## 27 Segment disclosure

### a) Primary Segment (Geographic Segment)

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

(₹ in lakhs)

Sr. Particulars No.	Year ended	
	March 31, 2017	March 31, 2016
<b>I Gross geographical segment revenue from continuing operations</b>		
a India	4,144.17	2,633.94
b Outside India	821.81	262.34
<b>Total</b>	<b>4,965.98</b>	<b>2,896.28</b>
Less: Inter Segment revenue	-	-
<b>Net segment revenue from continuing operations</b>	<b>4,965.98</b>	<b>2,896.28</b>
<b>II Geographical Segment Result (Profit/(loss) before tax)</b>		
a India	355.11	(2,214.15)
b Outside India	76.50	(251.87)
<b>Profit before tax</b>	<b>431.61</b>	<b>(2,466.02)</b>
<b>III Geographical Segment assets</b>		
a India	2,176.89	1,403.61
b Outside India	487.74	56.38
<b>Total segment assets</b>	<b>2,664.63</b>	<b>1,459.99</b>
<b>IV Geographical Segment liabilities</b>		
a India	1,102.40	744.84
b Outside India	4.74	7.54
<b>Total segment liabilities</b>	<b>1,107.14</b>	<b>752.38</b>
<b>V Geographical Capital employed (Segment assets less segment liabilities)</b>		
a India	1,074.49	658.78
b Outside India	483.00	48.83
<b>Total capital employed</b>	<b>1,557.49</b>	<b>707.61</b>

# Notes to the Financial Statements for the year ended March 31, 2017

- 28** The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

Particulars	(₹ in lakhs)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	-	0.20	0.20
Add- permitted receipts	-	-	-
Less- permitted payments	-	-	-
Less- amount deposited in Banks	-	-	-
Closing cash in hand as on 30th December, 2016	-	0.20	0.20

**29 Earnings per Share**

Particulars	Unit	March 31, 2017	March 31, 2016
Net Profit/(loss) after tax	₹ in lakhs	578.26	(2,465.90)
Nominal value of equity shares	₹	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	49,256,849	33,864,754
Basic and diluted earnings per share	₹	1.17	(7.28)

**30 Capital and other commitments**

The Company has an outstanding capital commitment amount of as on March 31, 2017 of ₹ 22.43 lakhs (March 31, 2016: ₹ 14.32 lakhs; March 31, 2015: ₹ 0.26 lakhs)

**31 Expenditure in foreign currency**

Particulars	(₹ in lakhs)	
	March 31, 2017	March 31, 2016
Professional fees	65.15	41.78
Salaries, wages and bonus	550.29	336.23
Other expenses	122.94	131.04
<b>Total</b>	<b>738.38</b>	<b>509.05</b>

**32 Contingent liabilities**

Contingent liabilities as on March 31, 2017 is Nil (March 31, 2016: Nil; March 31, 2015: Nil)

**33 Disclosure pursuant to Ind AS 12 "Income Taxes"**

- (a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

Sr. No.	Particulars	(₹ In lakhs)	
		2016-17	2015-16
<b>i) Profit and Loss section</b>			
	Current Income tax:		
	Current income tax charge	83.03	-
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	(229.68)	(0.12)
	Income tax expense reported in the statement of profit or loss	<b>(146.65)</b>	<b>(0.12)</b>

# Notes to the Financial Statements for the year ended March 31, 2017

- (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

(₹ In lakhs)

Sr No.	Particulars	2016-17	2015-16
1	Profit before tax	431.61	(2466.02)
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax (tax rate of 34.608%)	149.37	(853.44)
4 (a)	Items of expense not deductible for tax purposes:		
	Effect of fair valuation gain	(1.34)	(0.12)
	Effect of different tax rates of subsidiaries	(66.34)	853.43
	Effect of Items disallowed u/s 43B	(103.25)	
	Difference in Book and Income tax depreciation	(1.20)	
	Other items	(50.03)	
	MAT credit	73.86	
5	<b>Effective tax Rate</b>	<b>-33.98%</b>	<b>0.00%</b>

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

(₹ In lakhs)

Sr No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry
	<b>Tax losses (revenue in nature) (business loss on which no tax asset is created)</b>									
	Year of loss:									
	AY 2015-16	280.19	96.97	AY 2023-24	280.19	-	AY 2023-24	280.19	-	AY 2023-24
	AY 2016-17	2,250.27	778.77	AY 2024-25	2,250.27	-	AY 2024-25			
	<b>Total</b>	<b>2,530.46</b>	<b>875.74</b>		<b>2,530.46</b>	<b>-</b>		<b>280.19</b>	<b>-</b>	

- (d) Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(₹ In lakhs)

Sr No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		March 31, 2017	March 31, 2016	April 1, 2015	2016-17	2015-16
(a)	Fair valuation gain (FVTPL)	0.08	1.42	-	(1.34)	(0.12)
(b)	Items disallowed u/s 43B	(103.25)	-	-	(103.25)	-
(c)	Difference in Book and Income tax depreciation	(1.20)	-	-	(1.20)	-
(d)	MAT credit	(73.86)	-	-	(73.86)	-
(e)	Other items	(50.03)	-	-	(50.03)	-
	<b>Deferred tax expense/ (income)</b>				<b>(229.67)</b>	<b>(0.12)</b>
	<b>Net deferred tax (assets) / liabilities</b>	<b>(228.26)</b>	<b>1.42</b>	<b>-</b>		

# Notes to the Financial Statements for the year ended March 31, 2017

(e) Reconciliation of deferred tax (assets)/liabilities (₹ In lakhs)

Sr No.	Particulars	2016-17	2015-16
(a)	Opening Balance of Deferred tax (assets)/liabilities on April 1	1.42	1.54
(b)	Tax income/(expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	(229.67)	(0.12)
(c)	Tax income/(expense) during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/liabilities as on March 31	(228.25)	1.42

## 34 Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

(₹ In lakhs)

Sr No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Restriction on title-Yes	Restriction on title-No	Pledged/Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/Hypothecated
1	Computer	-	65.51	-	-	59.85	-	-	30.05	-
2	Office Equipment		11.15			16.00			11.56	
3	Furniture and Fixture		25.88			38.39			33.66	
4	Specialised Softwares	-	71.61	-	-	25.04	-	-	19.53	-

## 35 Explanation of Transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with previous GAAP to Ind AS are explained below:

### Reconciliations between previous GAAP and Ind AS

(i) Equity reconciliations (₹ in lakhs)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
<b>As reported under previous GAAP</b>		696.48	569.83
Fair value gains on investments in mutual funds	a	3.15	3.44
Security Deposits - Lease income	b	(0.30)	(0.85)
Rent Amortisation	b	0.30	0.83
Lease Equalisation	c	7.98	5.70
<b>Equity under Ind AS</b>		<b>707.61</b>	<b>578.95</b>

(ii) Net income reconciliations (₹ in lakhs)

Particulars	Notes	Year ended March 31, 2016
<b>Net income under previous GAAP</b>		<b>(2,373.38)</b>
Fair value loss on investments in mutual funds	a	(0.28)
Security Deposits - Lease income	b	0.55
Rent Amortisation	b	(0.53)
Lease Equalisation	c	2.28
Fair valuation of ESOP	d	(99.14)
<b>Net income under Ind AS</b>		<b>(2,470.50)</b>

# Notes to the Financial Statements for the year ended March 31, 2017

## Notes to reconciliations between Previous GAAP and Ind AS

### Change in fair valuation of investments in mutual funds:

- (a) Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.
- (b) Security deposits paid, being financial assets are remeasured at amortised cost and interest on remeasured of security deposit adjusted with advance lease rentals.
- (c) Lease equalisation expense is reversed under Ind AS. Accounting for lease rentals on accrual basis under IND AS v/s straight line basis under IGAAP.
- (d) Under previous GAAP, cost of equity settled employee share-based plan were recognised using intrinsic value method. Under Ind AS, the cost of equity settled employee share based plan is recognised based on fair value of the options as at the grant date.

### 36 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, 2017, no supplier is getting covered under MSMED.

### 37 On March 21, 2017 the Board of Directors of L&T Capital Market Limited (LTCM) and on March 22, 2017 the Board of Directors of L&T Access Distribution Services Limited (LTA) have approved the scheme of Amalgamation of LTA with LTCM.

Considering that no business is intended to be carried out under LTA and since the business object of L&T Access is similar to LTCM, it was proposed to merge/amalgamate LTA with LTCM. The amalgamation will bring about simplicity in work, reduce various statutory and regulatory compliances and related costs, which presently have to be duplicated, reduction in operational and administrative expenses and overheads and better cost and operational efficiencies.

On March 31, 2017, two separate Company Applications have been filed on behalf of the Transferor (LTA) & Transferee (LTCM) Companies along with copy of the Scheme before the NCLT, Mumbai.

The appointed date, as per the scheme of amalgamation is April 1, 2017 or such other date as may be directed by the National Company Law Tribunal, Mumbai bench.

Thereafter on April 28, 2017 at hearing, NCLT has directed for holding of the meetings of the equity shareholders and dispensing with the convening of meetings of the secured and unsecured creditors of the Companies.

### 38 Previous year figures

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

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#### SHARP & TANNAN

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

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

#### Firdosh D. Buchia

Partner  
Membership No.: 38332

#### T. Thomas Mathew

Chairperson  
DIN: 00130282

#### Dinanath Dubhashi

Director  
DIN: 03545900

#### Urvashi Singh

Company Secretary

#### Rahul Mehta

Head-Accounts

Place: Mumbai  
Date: May 2, 2017

Place: Mumbai  
Date: May 2, 2017