

Board's Report

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty Second Annual Report together with the Audited Financial Statements for the Financial Year ended March 31, 2015.

Financial Results

The summary of the Company's financial performance for the Financial Year 2014-15 as compared to the previous Financial Year 2013-14 is given below:

(₹ in Lakh)

Particulars	2014-15	2013-14
Total Income	63,923.28	45,377.76
Less: Total Expenses	53,734.46	38,841.83
Profit / (Loss) before tax	10,188.82	6,535.93
Less: Provision for tax	2,902.79	(1,099.54)
Profit after tax from operations	7,286.03	7,635.47
Profit for the period carried to the balance sheet	7,286.03	7,635.47
Add: Balance brought forward from previous year	(22,956.55)	(29,064.93)
Less: Transferred to Special Reserve U/S 45-IC of RBI Act, 1934	(1,457.21)	(1,527.09)
Less: Dividend paid for the previous year (Including dividend distribution tax)	-	-
Net surplus/ (deficit) in the Statement of Profit and Loss	(17,127.73)	(22,956.55)

Appropriations

During the current Financial Year, the Company has not transferred any amount to General Reserve. Your Company proposes to transfer ₹. 1,457.21 Lakh (Previous Year: ₹. 1,527.09 Lakh) to Special Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.

Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the Company which

occurred between the end of the financial year to which this financial statements relate and the date of this Report.

Dividend

No dividend is recommended for the Financial Year ended March 31, 2015.

Credit Rating

During the year under review, the Company had its issue of debentures rated and re-affirmed at CARE AA+ and [ICRA] AA+/Stable by CARE and ICRA respectively.

Fixed Deposits

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

Performance of the Company

The Company has achieved enhanced business performance during the year under review, in comparison to the year ended March 31, 2014, in spite of the challenging economic environment and slowdown in several sectors. The performance of the Company is summarised as follows:

- Disbursement during the year under review increased by 32% in comparison to the year ended March 31, 2014, from ₹ 1,96,678 Lakh to ₹ 2,60,110 Lakh, primarily driven by Two Wheeler and Corporate lending.
- Momentum in overall disbursement growth with focus on high yield products led to revenue growth with income from operations growing from ₹ 44,829 Lakh in the year ended March 31, 2014 to ₹ 63,536 Lakh in the year under review, an increase of 41.72%. Total income has also grown 40.86% from ₹45,377 Lakh to ₹ 63,923 Lakh in the same period.
- Gross portfolio assets recorded 18% growth from ₹ 2,96,556 Lakh as at March 2014, to ₹ 3,52,461 Lakh as at March 2015.
- Profitability during the year under review was marginally lower at ₹ 7,286 Lakh as compared to the previous financial year, which was at ₹ 7,635 Lakh, due to higher provisioning pursuant to the Revised Regulatory Framework for NBFCs issued by RBI vide its circular dated November 10, 2014.

- Net worth of the Company as on March 31, 2015 was ₹ 54,553 Lakh and ₹ 47,286 Lakh as on March 31, 2014.

Resources

The Company has raised funds through a mix of borrowings. During the year, the net borrowings have increased from ₹ 2,711 Crore as at March 2014, to ₹ 2,839 Crore as at March 2015.

Fund Raising

During the year under review, the Company met its funding requirements through issue of Non-Convertible Debentures (“NCDs”), Commercial Paper (“CPs”) and Bank borrowings.

The aggregate debt (NCDs, CPs and Bank borrowings) outstanding as on March 31, 2015 was ₹ 2,839 Crore.

Share Capital

During the year under review there was no change in the Equity Share capital of the Company.

Directors

In accordance with the provisions of Section 149 of the Companies Act, 2013, Mr. Prabhakar B. and Mr. Mannil Venugopalan were appointed as Independent Directors to hold office upto November 2, 2019, which was approved by the members at the Extra Ordinary General Meeting held on November 3, 2014.

Further, Dr. (Mrs.) Rajani R. Gupte was appointed as an Additional Director on March 20, 2015. As, Dr. (Mrs.) Rajani R. Gupte, fulfilled the criteria for independence laid out in Section 149(6) of the Act, the Members of the Company, based on the recommendations of the Board of Directors, have, at the Extra Ordinary General Meeting held on April 10, 2015, appointed her as an Independent Director on the Board of the Company.

During the Financial Year 2014-15, Mr. Vasudevan Ramaswami and Mr. C. S. Damle, had stepped down from Board of Directors of the Company with effect from October 17, 2014. The Board places on record its appreciation of the valuable services rendered by them during their tenure as Directors of the Company.

The provisions of Section 149(1) and 149(4) of the Act, pertaining to the appointment of a Woman Director and Independent Directors have been notified by the Ministry

of Corporate Affairs with effect from April 1, 2014. Currently (as on date of Report), the Company had three Independent Directors, including one Woman Director.

Section 152 of the Act provides that unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. For the purpose of determining total number of director, Independent Directors are required to be excluded. Accordingly, Mr. N. Sivaraman, Director will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

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

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

Declaration by Independent Directors

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

Key Managerial Personnel

During the year under review, Mr. Vamsidhar Chevendra was appointed as the Manager of the Company with effect from March 20, 2015. He was appointed in place of Mr. G. C. Rangan, who was appointed as Chief Executive & Manager and resigned with effect from November 30, 2014, to take up other responsibilities within the L&T Group.

Mr. Abhijit Chatterjee stepped down as Company Secretary of the Company with effect from July 17, 2015 and Mr. Amit Bhandari was appointed as Company Secretary and designated as Key Managerial Person with effect from September 23, 2014. Mr. Srimanta Sarkar was appointed as Head – Accounts and designated as Key Managerial Person (KMP) with effect from September 23, 2014 to discharge the duties as required to be performed by a Chief Financial Officer under the Companies Act, 2013.

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

- 1) Mr. Vamsidhar Chevendra – Manager
- 2) Mr. Srimanta Sarkar – Head – Accounts
- 3) Mr. Amit Bhandari – Company Secretary

Board Meetings

During the Financial Year 2014-2015, Six Board meetings were held on April 17, 2014, July 17, 2014, September 23, 2014, October 17, 2014, January 20, 2015 and March 20, 2015.

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

Composition of the Audit Committee

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The details of the same are disclosed in the Corporate Governance Report.

Corporate Governance

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

Statutory Auditors

The Ministry of Corporate Affairs has notified the provisions of Section 139 of the Act for appointment of auditors, which is effective from April 1, 2014. Pursuant to Section 139(2) of the Act and the rules made thereunder, no listed company shall appoint or re-appoint an audit firm as auditor for more than two terms of Five consecutive years. Further, the aforesaid appointment is subject to the ratification by the Members of the Company at every Annual general Meeting (AGM).

The period of ten years (two terms of five years each) has to be calculated from the date of appointment of the auditors. Further, the proviso to said Section 139(2) of the Act, stipulates that every company existing on or before the commencement of the Companies Act, 2013, has to comply with the requirements of this section within three years from the date of commencement of this Act.

Accordingly, the Audit Committee and Board of Directors of the Company have recommended the appointment of M/s. S. R. Batliboi & Associates LLP., Chartered Accountant (ICAI Firm Registration No. 301003E) as Statutory Auditors for a further period of one year from the conclusion of the forthcoming i.e. Twenty Second AGM till the conclusion of the Twenty Third AGM, subject to the approval of the Members at the ensuing AGM of the Company.

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

Auditors' Report

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the Secretarial Audit of the Company.

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

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

Company's Policy on Director Appointment and Remuneration

A) Background and Objectives

Section 178 of the Companies Act, 2013 (the Act) requires the Nomination and Remuneration Committee to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Moreover, 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 key managerial personnel and other employees.

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

B) Brief Framework of the Policy

a) The objective of this Policy is :

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

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

• Non-Executive Directors/Independent Directors

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

• Senior Management/ Key Managerial Personnel/ Employees

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

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

c) Criteria for Remuneration

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

- 1) the relationship between remuneration and performance benchmark is clear;
- 2) the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- 3) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- 4) the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- 5) The increment/ performance bonus declared shall be solely at the discretion of reporting superior/ department head(s)/ management.

Annual Performance Evaluation

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the performance of the directors individually as well as the evaluation of the working of its Audit Committee and NRC.

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, Independent Directors/Non-Executive Directors and Chairman of the Board.

The process of the annual performance evaluation broadly comprises:

Board Evaluation:

- Evaluation of the Board as a whole by the individual Board members followed by collation thereof by NRC for apprising the Board.

Audit Committee and NRC Evaluation:

- Evaluation of the Committees by the respective Committee members, followed by compilation thereof by NRC for submission to the Board

Independent / Non-Executive Directors Evaluation:

- Evaluation by other Board members excluding the Director being evaluated, followed by the individual feedback to the directors concerned by the Chairman of the Board and summary feedback to the NRC.

Chairman Evaluation:

- Evaluation by the other members of the Board followed by feedback thereon by the Chairman of the NRC and apprising the same to Board.

Particulars of Employees

The information required pursuant to Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended herewith as **Annexure C**.

Further, 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 also been appended herewith – refer **Annexure D**.

In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as prescribed in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

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

Conservation of Energy, Technology Absorption

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

Foreign Exchange Earnings and Outgo

During the year, there were no foreign exchange earnings. The expenditure in foreign currency was ₹ 99,963/- for license fee renewal of IT systems.

Disclosure Relating to Subsidiary, Joint Venture and Associate Companies

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

Extract of Annual Return as Required and Prescribed Under Section 92(3) of the Companies Act, 2013 and Rules Made There under

The extract of Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as

prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure E** to this Report.

Particulars of Loan Given, Investment Made Guarantee Given And Security Provided By The Company Under Section 186 Of The Act

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

Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and right to work with dignity.

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

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 (the framework) to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

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

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at <http://www.familycreditindia.com/>

Internal Financial Controls and their Adequacy

The Company has an Internal Control System, commensurate with the size, scale and complexity of

its operations. Testing of such Control Systems form a part of Internal Audit functions. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function report to the Audit Committee. The Internal Audit functions are carried out by the Internal Audit department of L&T Financial Services Group.

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

Directors' Responsibility Statement

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

- 1) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 2) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for that period;
- 3) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the directors had prepared the annual accounts on a going concern basis;
- 5) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Corporate Social Responsibility (CSR)

In accordance with the requirements of Section 135 of Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report. The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at <http://www.familycreditindia.com/>.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure F** to this Report.

Particulars of Contracts or Arrangements with Related Parties

The Board of Directors at its meeting held on July 17, 2014 has approved the Policy on Related Party Transactions (RPT Policy), pursuant to the recommendation of the same by the Audit Committee, in line with the requirements of the Companies Act, 2013 and RBI Regulations are the same is also available on the Company's website at <http://www.familycreditindia.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 RPT's should be referred to the Audit Committee of the Company for approval/ratification, irrespective of its materiality. The Audit Committee, on the recommendation of the management, will approve certain transactions with related parties which would occur on regular basis or at regular intervals.
- All RPT's which are not at arm's length and / or which are not in the ordinary course of business should be presented to the Board for an appropriate decision.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel, body corporate(s), which had

a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

Your Directors draw attention of the members to Notes to the financial statement which sets out related party disclosures.

Risk Management Framework

The Company has a risk management framework to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee and also apprised about the risk management framework.

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. Further, no penalties have been levied by RBI/any other Regulators during the year under review.

Reserve Bank of India Regulations

The Company has complied with all the applicable regulations of the Reserve Bank of India as on March 31, 2015.

Other Disclosures

During the year under review, the Company has not obtained any Registration/ license/ authorisation, by whatever name called from other financial sector regulators.

The Company has applied with the Regional Director, Eastern Region, Ministry of Corporate Affairs for the shift of its registered office from the State of West Bengal to the State of Maharashtra and is awaiting approvals.

Loan to Purchase Shares of the Company

During the year under review, the Company has not given loan to any person in its employment to purchase shares of the Company. Accordingly, disclosures required to be made under Section 67(3) of the Companies Act, 2013 are not applicable to the Company.

Acknowledgement

Your Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions 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 your Company. Your 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

N. Sivaraman
Chairman of the Board
DIN 00001747

Prabhakar B.
Director
DIN 02101808

Place: Mumbai
Date : April 16, 2015

ANNEXURE A to Board's Report

Corporate Governance Report

BOARD OF DIRECTORS

The Board of Directors along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company. At present, the Board comprises six Non-Executive Directors including 3 Independent Directors viz. Mr. N. Sivaraman, Mr. Mannil Venugopalan, Mr. Prabhakar B., Dr. (Mrs.) Rajani R. Gupte, Mr. Dinanath Dubhashi and Mr. Gopalakrishnan Krishnamurthy.

Mr. N. Sivaraman is the Non-Executive Chairman of the Board. Mr. Prabhakar B., Mr. Mannil Venugopalan and Dr. (Mrs.) Rajani R. Gupte are Independent Directors on the Board.

Dr. (Mrs.) Rajani Gupte was appointed by the Board of Directors on March 20, 2015 as an Additional Director and as she fulfilled the criteria for independence laid out in Section 149(6) of the Act, the Members of the Company, based on the recommendations of the Board of Directors, have, at the Extra Ordinary General Meeting held on April 10, 2015, appointed her as an Independent Director on the Board of the Company.

During the period under review 6 meetings of the Board of Directors were held on April 17, 2014; July 17, 2014; September 23, 2014; October 17, 2014; January 20, 2015 and March 20, 2015.

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

- Audit Committee
- Committee of Directors
- Asset-Liability Management Committee
- Management Committee
- Credit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Investment Committee
- Corporate Social Responsibility Committee

The Details of various Committees of the Company are as under:

1) Audit Committee:

The Audit Committee has been reconstituted pursuant to Section 177 of the Companies Act, 2013, as well as the RBI directions for NBFCs. The Committee comprises 3 Directors as per details given below:

Composition of Audit Committee

Mr. Mannil Venugopalan – Chairman

Mr. Prabhakar B.

Mr. Dinanath Dubhashi

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013. During the year under review, the Committee met 7 times.

Terms of reference of the Committee are as follows:

- i. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance and effectiveness of audit process;
- iii. Examination of the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and related matters;
- ix. Functioning of the Vigil Mechanism Framework of the Company;
- x. Full access to information contained in the records of the Company and external professional advice;
- xi. Investigate any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;

- xii. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- xiii. Recommend the appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;
- xiv. Discuss with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system;
- xv. Recommendation on financial management including audit report shall be bonding on the Board;
- xvi. Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- xvii. Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company.

The Board had duly accepted the recommendations made by the Audit Committee from time to time.

2) Committee of Directors:

During the year, the Committee was re-constituted. The Committee currently comprises 3 Directors as per details given below.

Composition of Committee of Directors (COD)

Mr. N. Sivaraman

Mr. Dinanath Dubhashi

Mr. Gopalakrishnan Krishnamurthy

Role of the Committee

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

During the Financial Year 2014-15, the Committee met 29 times.

3) Asset-Liability Management Committee (ALCO):

During the year, the Committee was re-constituted. The Committee currently comprises Mr. N. Sivaraman, Mr. Dinanath Dubhashi, Mr. G. K. Shettigar (Member Secretary), Dr. (Mrs.) Rupa Rege Nitsure and Mr. Deepak Punjabi. All of them are holding senior executive positions in the group.

Role of the Committee

- i. Monitoring market risk management systems, compliance with the asset-liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
- ii. Reviewing the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- iii. Reviewing the effects of various possible changes in the market conditions related to the Balance Sheet and recommend the action needed to adhere to the Company's internal limits;
- iv. Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks;
- v. Product pricing for financial assistance, desired maturity profile and mix of the incremental assets and liabilities, based on market conditions;
- vi. Articulating the current interest rate view of the Company and deciding the future business strategy on this view; and
- vii. Deciding on the source and mix of liabilities and recommending the desired asset mix.

During the Financial Year 2014-15, the Committee met 10 times.

4) Management Committee (MC):

During the year, the Committee was re-constituted.

Role of the Committee

- i. Review and monitoring of the business policies and operational decisions as set by the Board, from time to time;

- ii. Supervision and review of the performance of various operational activities on an ongoing basis;
- iii. Identification, establishment and operationalisation of offices including staffing on an ongoing basis
- iv. Authorise negotiations and arrangements for operational and administrative requirements;
- v. Avail administrative and operational services of various agencies for business operations and incur capital and revenue expenditure for the same. In case of capital expenditure, the same shall be in accordance with the capital budget approved by the Board
- vi. Opening and closing current/cash credit/ overdraft/ fixed deposit or other accounts including depository accounts with any scheduled bank and/or depository participant, authorize the officials of the Company to operate the same and to vary the existing authorization in respect of these accounts;
- vii. Issue of Powers of Attorney to the officials of the Company;
- viii. Execute, sign, certify any agreement, MOU, undertaking, document, deed and other writings in relation to the day-to-day;
- ix. Authorise officials of the company to initiate legal action, sign documents/deeds/ underatings and other writings and represent the company in litigation and settle any legal disputes in connections with any legal proceedings by or against the Company;
- x. Registration, renewal/continuation of registration and continuing compliance and observance of various provisions of Shops & Establishment, Sales Tax, Service Tax, Professional tax and such other legislations and rules, regulations and directions made or issued thereunder; and
- xi. Any other incidental or other matter in the ordinary course of business, including delegation of powers for routine matters, and/ or may be delegated by the Board, from time to time.
- xii. Purchase/ Assign/ Transfer/ Sale of Loan Assets.
- xiii. Affixation of common seal of the Company on instruments or deeds or on any document(s)

as may be required in accordance with the Articles of Association of the Company.”

During the Financial Year 2014-15, the Committee met 2 times.

5) Credit Committee:

The Credit Committee was re-constituted during the year. The Credit Committee of the Company is broad-based, consisting Mr. N. Sivaraman, Mr. Dinanath Dubhashi, Mr. Deepak Punjabi, Ms. Raji Vishwanathan and senior executives from the Company and Group Companies.

Role of the Committee

The Credit Committee reviews and approves various credit proposals as per the credit and lending authorisations approved by the Board.

Credit decisions are supported by risk management guidelines and norms approved by the Board of Directors of the Company.

During the Financial Year 2014-15, the Committee met 6 times.

6) 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 director's 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.

The Committee currently comprises following members:

Mr. Prabhakar B - Chairman

Mr. M. Venugopalan

Mr. N. Sivaraman

Role of the Committee

Terms of reference of the Committee are as follows:

- i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

- ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii) To ensure that:
 - (a) 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;
 - (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) 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.
- iv) To ensure fit and proper status of existing/proposed reference directors by obtaining necessary information an declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.
- v) The process of due diligence should be undertaken at the time of initial appointment and also prior to reappointment.
- vi) Based on the information provided in the declaration the Committee should decide on the acceptance and may make references where considered necessary to the appropriate person/authority to ensure their compliance with the requirements indicated.
- vii) To obtain annual declaration confirming that the information already provided had not undergone change and if there is any change requisite details would be furnished by the directors forthwith.
- viii) To focus on evaluating senior level employees their remuneration, promotion etc.

7) Risk Management Committee:

During the year, the Risk Management Committee was re-constituted. The Committee currently comprises Mr. Dinanath Dubhashi, Mr. N. Suryanarayanan, Mr. Deepak Punjabi, Mr. G. C. Rangan and Mr. B. V. Sudhakar.

Role of the Committee

The Risk Management Committee is responsible for managing, inter alia the integrated risk which includes liquidity risk, interest rate risk and currency risk.

8) Investment Committee

During the year, the Investment Committee was re-constituted. Presently, the Investment Committee comprises Mr. N. Sivaraman, Mr. Dinanath Dubhashi, Mr. G. K. Shettigar, Mr. Deepak Punjabi and Dr. (Mrs.) Rupa Rege Nitsure.

Role of the Committee

- ❖ To evaluate proposals for buyback of instruments issued by the Company and approve the same and decide on extinguishing of the instrument or holding as investment.
- ❖ The Committee decides on investments in/divestments of:
 - Units of Mutual Fund Schemes
 - Units of collective investment schemes
 - Inter-corporate deposits
 - Government securities and Treasury Bills
 - Debentures
 - Bank Fixed deposits
 - Inter Corporate Deposits (to group companies).

The Investment Committee sets up limits for investments in individual companies subject to regulatory norms.

9) Corporate Social Responsibility Committee

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. The Committee comprises the following members:

Mr. M. Venugopalan
 Mr. N. Sivaraman
 Mr. Dinanath Dubhashi

Role of the Committee

- a) Formulation of CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and recommendation of the same to the Board;
- b) Determine the amount to be spent on CSR from time to time and recommend the same to the Board;
- c) Monitoring the CSR Policy of the Company from time to time.

Remuneration

The Directors on the Board, who are/ were in the services of the parent company or other fellow subsidiary companies, drew remuneration from their respective companies. Other Directors on the Board who do not hold any office or place of profit in L&T and/ or its subsidiaries/ associate companies are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

Meeting of 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 March 19, 2015, pursuant to the provisions of the Act.

Number of Companies in which an Individual may become a Director

The Company has apprised its Board members about the restriction on number of other directorships and expects them to comply with the same.

Responsibilities of the Board

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

Your Company ensures necessary training to the Directors relating to its business through formal/

informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge his duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

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

Disclosures

During the Financial Year ended March 31, 2015:

- ❖ There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- ❖ The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- ❖ Since introduction of Companies Act, 2013 with effect from April 1, 2014, the Company has implemented all Sections as applicable to it and accordingly it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

Means of Communication

- ❖ Half Yearly Results are published in one daily English newspaper of national prominence.
- ❖ The investors (debenture holders) are also communicated the "Half Year Communication" as per the Debt Listing Agreement.
- ❖ Annual Reports is displayed on the website of the Company <http://www.familycreditindia.com>.

Place: Mumbai
Date: April 16, 2015

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED March 31, 2015

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

To,

The Members,

FAMILY CREDIT LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **FAMILY CREDIT LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other specific business/industry related laws are applicable to the company, viz.:
 - NBFC-Loan Company – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Guidelines, Notifications, etc.
I have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India;
 - ii. The Listing Agreements have been entered into by the Company with Stock Exchange(s), if applicable. – Debt Listing Agreement with the National Stock Exchange of India Limited (NSE).

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

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions have taken place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. –
 - Issue of Non-Convertible Debentures Series A to Series M, aggregating ₹1877.5 crore, on private placement basis.
- (ii) Redemption / buy-back of securities. – NIL.
- (iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013.
 - Increase of Borrowing limits of the Company from ₹5,000 Crore to ₹7,000 Crore.
- (iv) Merger / amalgamation / reconstruction, etc. – NIL.
- (v) Foreign technical collaborations – NIL.

NAINA R DESAI
Practising Company Secretary

Place: Mumbai
Date: April 16, 2015

Membership No. 1351
Certificate of Practice No.13365

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members
FAMILY CREDIT LIMITED

Our report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary

Place: Mumbai
Date: April 16, 2015

Membership No. 1351
Certificate of Practice No.13365

ANNEXURE C

Name of the Company – FAMILY CREDIT LIMITED

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S. No.	Particulars		
(i)	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.\$	Not Applicable, since all the directors of the Company are Non-executive in nature.	
(ii)	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.\$	Directors – Not Applicable Chief Financial Officer – N.A*. Manager – NA * Company Secretary – NA* *Since appointed during the Financial Year 2014-15.	
(iii)	The percentage increase in the median remuneration of employees in the financial year.	9.90%	
(iv)	The number of permanent employees on the rolls of company.	1,886 employees	
(v)	The explanation on the relationship between average increase in remuneration and company performance.	The Increase in remuneration is commensurate with the Company's performance and comparable to the industry standards.	
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	Not Applicable, as all the KMP were appointed during the FY 2014-15	
(vii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		9.6%	NA#
(viii)	The key parameters for any variable component of remuneration availed by the directors.	Not Applicable, since all the directors of the Company are Non-Executive	
(ix)	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	None	

\$ For the purpose of (i) and (ii) above, remuneration by way of commission paid to Independent Directors are not considered.

Not Applicable - as all the KMPs were appointed during FY 2014-15

ANNEXURE E

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

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

I. REGISTRATION AND OTHER DETAILS

i	CIN	U65910WB1993FLC060810
ii	Registration Date	24-11-1993
iii	Name of the Company	Family Credit Limited
iv	Category/Sub-category of the Company	Company Limited by Shares
v	Address of the Registered office & contact details	Technopolis, 7th Floor, A Wing, Plot No.4 Block-BP, Sec-V, Salt Lake, Kolkata - 700091
vi	Whether listed company	Yes (Only Debentures are listed)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<p>For : Debentures: Sharepro Services (I) Pvt. Ltd Mr. Prakash Khare Samhita Warehousing Complex, Bldg, No. 13 AB, Gala No. 52-56, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai 400072 - Maharashtra, India (022) 61915419/408/416/402 (022) 61915444 sharepro@shareproservices.com</p> <p>For : Equity Shares: Link Intime India Pvt Ltd Mr Sanjog Sud C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West) Mumbai – 400078 Maharashtra, India (022) 25963838 sanjog.sud@linkintime.co.in</p>

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Non-Banking Finance Company (NBFC)	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited 5th Floor, City 2, Plot No. 177, Vidyanagari Marg, CST Road, Kalina, Santacruz (East), Mumbai – 400 098	L67120MH2008PLC181833	Holding Company	100%	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		
A. Promoters										
(1) Indian										
a) Individual/HUF	7 *	-----	7*	0.00	7*	-----	7*	0.00	-----	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	15,43,09,603	5,00,00,000	20,43,09,603	100.00	15,43,09,603	5,00,00,000	2,04,309,603	100.00	-----	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL:(A) (1)	15,43,09,610	5,00,00,000	20,43,09,610	100	15,43,09,610	5,00,00,000	20,43,09,610	100.00	-----	-----
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)										
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIs										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹1 lakhs										

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		
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):										
Total Public Shareholding (B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	20,43,09,610	-----	20,43,09,610	100.00	20,43,09,610	-----	20,43,09,610	100.00	-----	-----

*Seven shareholders are nominee of L&T Finance Holdings Limited

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	20,43,09,610*	100.00	-----	20,43,09,610*	100.00	-----	
	Total	20,43,09,610	100.00	-----	20,43,09,610	100.00	-----	

*Includes the shareholding of nominee shareholders of L&T Finance Holdings Limited

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	20,43,09,610	100.00	20,43,09,610	100.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying thereasons for increase / decrease (e.g. allotment / transfer / bonus/ sweatequity etc):	Nil	Nil	Nil	Nil
	At the end of the year	20,43,09,610	100.00	20,43,09,610	100.00

There is no change in the Promoter holdings during the FY 2014-15.

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) : Not Applicable #**

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end 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)				

7 equity shares are held 7 share holders as nominee of L&T Finance Holdings Limited, beneficial owner of these shares.

(v) **Shareholding of Directors & KMP**

Sl. No	For Each of the Directors & KMP	Shareholding at the end 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:				
	Mr. Dinanath Dubhashi (Director) @	1	0.1	1	1
	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:				
	Mr. Dinanath Dubhashi: (Director) @	1	0.1	1	1

@ Share held as nominee of L&T Finance Holdings Limited (Holding Company), beneficial owner of the shares.

V. INDEBTEDNESS

(₹ In Lakh)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	2,03,072	68,044		2,71,116
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	615	31		646
Total (i+ii+iii)	2,03,687			2,71,762
Change in Indebtedness during the financial year				
Additions	1,94,410	11,23,209		11,37,619
Reduction	2,61,666	10,19,045		12,80,710
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	1,35,816	1,72,208		3,08,024
ii) Interest due but not paid				
iii) Interest accrued but not due	4,927	343		5,270
Total (i+ii+iii)	1,41,086	1,72,208		3,13,294

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: (Amount in ₹.)

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. G C Rangan Chief Executive & Manager #	Mr. Vamsidhar Chevendra - Manager \$	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	Nil #		
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-
2	Stock option		-	-
3	Sweat Equity		-	-
4	Commission		-	-
--	as % of profit		-	-
--	others (specify)		-	-
5	Others, please specify		-	-
	Total (A)	Nil #	-	-
	Ceiling as per the Act		5,10,15,310.00	5,10,15,310.00

Mr. G C Rangan ceased to be Chief Executive & Manager w.e.f. November 30, 2014. He was on deputation and drawn his remuneration from the deputing company within the L&T Financial Services Group. Hence, the remuneration paid to him by the Company is NIL.

\$ - Mr. Vamsidhar Chevendra was appointed as Manager of the Company w.e.f. March 20, 2015 and hence his remuneration for 10 days is not provided above.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors	Total Amount (₹.)
1	Independent Directors	Mr. M. Venugopalan Mr. Prabhakar B. Mrs. Rajani R. Gupte*	
	(a) Fee for attending board and Committee meetings	Mr. M. Venugopalan Mr. Prabhakar B. Mrs. Rajani R. Gupte*	1,80,000 1,80,000 Nil
	(b) Commission	Mr. Mannil Venugopalan Mr. Prabhakar B. Mrs. Rajani R. Gupte*	7,10,000 7,15,000 NA
	(c) Others, please specify	NA	NA
	Total (1)	-----	
2	Other Non Executive Directors	Mr. Narayanaswami Sivaraman Mr. Dinanath Dubhashi Mr. Gopalakrishnan Krishnamurthy	NA
	(a) Fee for attending board committee meetings	-----	-----
	(b) Commission	-----	-----
	(c) Others, please specify.	-----	-----
	Total (2)	-----	Nil
	Total (B)=(1+2)	-----	17,85,000
	Total Managerial Remuneration		17,85,000
	Overall Ceiling as per the Act.	-----	6,12,18,372.48

*Appointed as Director on March 20, 2015, hence the remuneration in Nil.

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross Salary	CEO	Company Secretary	CFO	Total
		NA	Amit Bhandari	Srimanta Sarkar	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	NA	NA #	NA #	
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA			
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		Nil	Nil	
2	Stock Option		Nil	Nil	
3	Sweat Equity		Nil	Nil	
4	Commission		Nil	Nil	
	as % of profit		Nil	Nil	
	others, specify		Nil	Nil	
5	Others, please specify		Nil	Nil	
	Total				

The Chief Financial Officer and the Company Secretary of the Company, are on deputation, and draw their remuneration from the deputing companies within the L&T Financial Services Group. Hence, the remuneration paid to them by the Company is NIL.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act , 2013):

There are no penalties levied or punishment or Compounding done during the year 2014-15.

**Annual Report on Corporate Social Responsibility (CSR)
(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014**

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of the Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

- 1) **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :**

L&T Financial Services CSR Policy is based on social, economic, environment and volunteering objectives of the Company. The policy clearly states the organization's core CSR thrust areas as Quality Education and Generating Sustainable Livelihood. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013.

- 2) **Composition of CSR Committee:**

The Composition of CSR is disclosed in the Corporate Governance Report.

- 3) **Average Net Profit of the Company for the last three financial years is ₹. 5,549.91 Lakh**

- 4) **Prescribed CSR Expenditure and details of CSR spend :**

Particulars	₹. (In lakh)
Prescribed CSR Expenditure	1.11
Amount spent as CSR	1.11
Amount unspent	---

- 5) Manner in which amount spent during the financial year:

(Amount In ₹.)

Sr. No.	NGO Partner/ Implementing Agency	Sector in which Project is Covered	CSR Project or Activity Identified	Projects or Program Coverage	Amount Outlay (budget) project or Program wise	Amount spent: Direct or through implementing Agency
1	Parivaar Education Society	Promoting Education	Quality Education through holistic, residential project	State: West Bengal District: South 24 Parganas	79,04,000.00	Indirect**
2	J&K : Contribution to Prime Minister Relief Fund	Contribution to the Prime Minister's National Relief Fund	Contribution to Jammu & Kashmir Flood Relief	State: Jammu & Kashmir	17,16,331.00	Direct*
3	CII Foundation	Promoting Education and Sanitation	Quality Education through sanitation Project	State: Madhya Pradesh District: Ashoknagar	14,71,669.00	Indirect**

Sr. No.	NGO Partner/ Implementing Agency	Sector in which Project is Covered	CSR Project or Activity Identified	Projects or Program Coverage	Amount Outlay (budget) project or Program wise	Amount spent: Direct or through implementing Agency
4	Employees Volunteering Program	Employees Volunteering	Employees Volunteering Program	State: West Bengal District: Kolkata	8,000.00	Direct*
	Total CSR Spend in FY 14-15				1,11,00,000.00	

Direct* = CSR projects/ initiatives directly implemented by the Organisation

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Family Credit Limited

N. Sivaraman
DIN 00001747
Non Executive Chairman of the Board

Dinanath Dubhashi
DIN 03545900
Director & Member of the CSR Committee

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The major product portfolio of the Company includes:

- 2-wheeler financing
- Auto loans – New & Used
- Corporate Products

Management's focus is to achieve a healthy return on equity (ROE) on a sustainable basis to deliver attractive returns to all stakeholders. It has been a conscious decision of the Management to have diversified businesses to protect the overall profitability. Hence, the Company has focused on comprehensive product offerings, though some have been developed as flagship products.

While creating the product-mix, three parameters are taken into account: profitability, scalability and the Company's ability to have clear market advantage in a particular product segment. These three parameters influence the ultimate choice of the Company's product offerings, for which it has earned admiration in the wider marketplace.

Two Wheeler

In Two-wheeler loans, while the industry volume increased by 8% during FY2015, the Company grew by 21%, leading to an increase in its market share. This performance was facilitated by better penetration in existing locations and active efforts to extend reach to new markets

Auto loans – New & Used

During the year under review, the Company's New Auto Loan business grew by 60%, from ₹ 251 Crore during FY 2013-14 to ₹ 401 Crore during FY 2014-15. Further, during FY2015, the Used Auto Loan business of the Company degrew by 33%.

Major initiatives during the year:

During the Financial Year 2015, your Company had undertaken several initiatives with an objective to enhance customer reach & centricity, multi channel reach, build scalability, manage risks effectively, attain process excellence & business continuity and aid cost flexibility.

- Mobility solutions: Loan origination and collection in the Consumer and Auto Finance business is completely based on mobility solutions. Loan origination is carried out through Android based tablets that aim to drive sales effectiveness through use of technology for reducing turnaround time. During the year, more than 80,000 cases have been originated through these tablets. Collections are carried out through mobile phones coupled with thermal Bluetooth printers to issue receipts.
- In order to optimize service quality and to consolidate processes, the Company have rationalized the number of processing centres. At the same time the Company have outsourced non-core activities like loan data entry. This has resulted in increase in efficiency through the year.

- Unified data warehouse has been implemented.
- Consistent focus to grow in B2C segments, through expansion in existing product lines and entry into new business.

Risk Management Practice

The Company has a robust risk management practice that enables it to mitigate and manage risks in its businesses. In line with international best practices, the Risk function is structured to operate independently from the business groups. The Risk Management Framework of the Company is derived from the overall Enterprise Risk Management Framework of L&T Financial Services, which encompasses credit, market as well as operational risks.

The Credit function independently evaluates proposals based on well-established sector specific internal frameworks, in order to identify, mitigate and allocate risks as well as to enable risk-based pricing of assets. Regulatory and process risks are identified, mitigated and managed by a separate group.

Human Resources

The Human Resources initiative focuses on structured training programmes (both in-house and external) intended to equip employees at all levels, with the necessary knowledge and experience in order to demonstrate high levels of performance.

Internal Control and its adequacy

The Company has put in place internal controls to ensure that all transactions are authorised, recorded and reported correctly and in accordance with the Policies, Guidelines, Processes and Frameworks approved by the Board and / or its Committees.

Periodic reviews by management as well as an extensive programme of audits (both internal and external) supplement the controls and provide necessary checks and balances.

Outlook

Given the fact that uncertain economic environment continues, the Company would remain focus on high yielding products with an intent to improve ROE.

Cautionary Statement/Disclaimer (for this Report)

Certain statements in this Report which describe the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document, due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and government policies that may impact the Company's business, as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Independent Auditors' Report

To the Members of Family Credit Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Family Credit Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Mumbai
April 16, 2015

Annexure To The Auditors' Report

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

Re: Family Credit Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing

failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Provision Amount (₹)	*Amount Paid (₹)	Period to which its relates	Forum where dispute is pending
West Bengal Value added tax	VAT Liability	16,839,969	10,329,995	Financial Year 2005-06 to 2014-15	Supreme Court
Orissa Value added Tax	VAT Liability	1,704,605	827,170	Financial Year 2005-06 to 2014-15	Deputy commissioner of sales tax

*Company has paid VAT under protest

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- (viii) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the

management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand.
- (xii) We have been informed that during the year ten instances of misrepresentation by customers were reported whereby loans were obtained on the basis

of fictitious documents aggregating ₹5,487,252 and three instances of loan instalments collected by a third party under false identity of employees of the Company aggregating to ₹58,270. The Company has initiated legal action against in all such cases. The outstanding balance (net of recovery) aggregating ₹5,433,726 has been fully provided /written off.

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

Mumbai
April 16, 2015

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

Balance Sheet as at March 31, 2015

Particulars	Notes	(₹ in Lakh)	
		As at 31-Mar-15	As at 31-Mar-14
Equity and liabilities			
Shareholders' funds			
Share capital	3	20,430.96	20,430.96
Reserves and surplus	4	34,122.29	26,855.93
		54,553.25	47,286.89
Non-current liabilities			
Long-term borrowings	5	145,970.34	110,066.28
Other long-term liabilities	6	2,638.31	195.89
Long-term provisions	7	916.17	439.71
		149,524.82	110,701.88
Current liabilities			
Short-term borrowings	8	118,207.97	60,950.00
Current maturities of long-term borrowings	5	43,845.49	100,099.45
Other current liabilities	9	9,995.19	5,588.81
Short-term provisions	7	3,397.03	690.30
		175,445.68	167,328.56
TOTAL		379,523.75	325,317.33
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	257.75	251.54
Intangible assets	11	141.24	213.86
Intangible assets under development		7.03	-
Non-current investments	12	2,300.00	2,300.00
Other long-term loans and advances	13	326.93	581.73
Long-term loans and advances towards financing activities	13	182,158.47	151,461.52
Other non-current assets	15	865.46	122.04
		186,056.88	154,930.69
Current assets			
Current investments	12	15,314.52	18,500.00
Deferred tax assets (net)	14	4,319.21	2,700.00
Cash and bank balances	16	2,468.78	1,396.48
Other short-term loans and advances	13	1,858.00	4,181.38
Current maturities of long-term loans towards financing activities	13	163,682.03	139,455.05
Other current assets	15	5,824.33	4,153.73
		193,466.87	170,386.64
TOTAL		379,523.75	325,317.33
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For and on behalf of the Board of Directors of Family Credit Limited

For S. R. BATLIBOI & CO. LLP
ICAI's Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No. 048749

N. Sivaraman
Director
(DIN: 00001747)
Srimanta Sarkar
Head - Account

Dinanath Dubhashi
Director
(DIN: 03545900)
Amit Bhandari
Company Secretary

Date: 16-April-2015
Mumbai

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

(₹ in Lakh)

Particulars	Notes	31-Mar-15	31-Mar-14
Income			
Revenue from operations	17	63,536.17	44,829.61
Other income	18	387.11	548.15
Total revenue (I)		63,923.28	45,377.76
Expenses			
Employee benefit expenses	19	2,925.58	2,534.83
Finance costs	20	26,787.41	18,876.81
Other expenses	21	16,967.38	14,932.40
Depreciation and amortization expense	22	246.15	281.91
Provisions and write-offs	23	6,807.94	2,215.88
Total expenses (II)		53,734.46	38,841.83
Profit before tax (III)=(I)-(II)		10,188.82	6,535.93
Tax expense			
Current tax		4,522.00	0.46
Deferred tax		(1,619.21)	(1,100.00)
Total tax expense (IV)		2,902.79	(1,099.54)
Profit for the year (III)-(IV)		7,286.03	7,635.47
Earnings per equity share			
	24		
Nominal value per equity share (₹)		10.00	10.00
Basic and Diluted (computed on the basis of profit for the year)		3.57	4.28
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors of Family Credit Limited

For S. R. BATLIBOI & CO. LLP
ICAI's Firm Registration No.: 301003E
Chartered Accountants

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

N. Sivaraman
Director
(DIN: 00001747)
Srimanta Sarkar
Head - Account

Dinanath Dubhashi
Director
(DIN: 03545900)
Amit Bhandari
Company Secretary

Date: 16-April-2015
Mumbai

Cash Flow Statement for the year ended March 31, 2015

Particulars Notes	(₹ in Lakh)	
	For the year ended 31-Mar-15	For the year ended 31-Mar-14
A. Cash Flows From Operating Activities :		
Net Profit before taxation	10,188.82	6,535.93
Adjustments for :		
Depreciation and amortization	246.15	281.91
Profit on sale of fixed assets (net)	(19.06)	(8.89)
Provision for loans	1,649.56	(3,271.95)
Bad debts written off	5,143.18	5487.83
Interest on fixed deposits	(0.54)	(99.96)
Income from mutual fund	(180.52)	(291.03)
Interest on inter corporate deposit	(69.08)	(53.87)
Provision for diminution in value of investment in equity (quoted)	15.20	-
Provision for interest on payment of income tax	113.14	-
Unrealised gain on mutual fund (dividend)	(4.72)	-
Liabilities no longer required written back	(7.92)	(5.64)
Operating profit /(loss) before Working Capital changes	17,074.21	8574.33
Movements in Working Capital:		
Decrease/(increase) in long term loans and advances	(36,786.62)	(72,730.35)
Decrease/(increase) in short term loans and advances	(21,905.03)	(58,007.43)
Decrease/(increase) in other current assets	(1,670.13)	(2,015.73)
Decrease/(increase) in other non-current assets	(743.46)	(121.55)
Increase/(decrease) in other current liabilities	4,485.26	1,331.07
Increase/(decrease) in other long term liabilities	2,442.31	195.89
Cash generated from / (used in) operations	(37,103.46)	(122,773.77)
Direct taxes paid (TDS movement in advance)	(1,894.06)	41.71
Net cash used in Operating Activities (A)	(38,997.52)	(122,732.06)
B. Cash Flows from Investing Activities :		
Purchase of fixed assets, including capital work in progress and capital advances	(264.21)	(459.77)
Proceeds from sale of fixed assets	19.85	8.88
Purchase of non-current investments (Equity)	-	(2,300.00)
Purchase of current investments	(529,069.82)	(830,600.00)
Proceeds from sale/maturity of current investments	532,425.34	812,391.03
Interest received	69.42	844.72
Decrease/(increase) in fixed deposits greater than three months	8.52	7,999.55
Net cash from / (used in) Investing Activities (B)	3,189.10	(12,115.59)

Cash Flow Statement for the year ended March 31, 2015

(₹ in Lakh)

Particulars Notes	For the year ended 31-Mar-15	For the year ended 31-Mar-14
C. Cash Flows from Financing Activities :		
Proceeds from issuance of share capital including securities premium	-	9,992.01
NCD issue expenses paid	(19.69)	-
Proceeds from short-term borrowings	785,569.00	353,790.00
Repayment of short-term borrowings	(718,311.00)	(301,767.00)
Proceeds from long-term borrowings	532,050.00	175,102.00
Repayment of long-term borrowings	(562,399.00)	(102,662.00)
Net cash from Financing Activities (C)	36,889.31	134,455.01
Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	1,080.89	(392.64)
Cash and Cash Equivalents at the beginning of the year	1,383.41	1,776.05
Cash and Cash Equivalents at the end of the year	2,464.30	1,383.41
Components of Cash and Cash Equivalents at the year end		
Cash on Hand	1,106.43	453.78
With Banks - on current account	1,357.87	929.63
	2,464.30	1,383.41
Summary of significant accounting policies	2.1	

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors of Family Credit Limited

For S. R. BATLIBOI & CO. LLP

ICAI's Firm Registration No.: 301003E

Chartered Accountants

per Viren H. Mehta

Partner

Membership No. 048749

N. Sivaraman

Director

(DIN: 00001747)

Srimanta Sarkar

Head - Account

Dinanath Dubhashi

Director

(DIN: 03545900)

Amit Bhandari

Company Secretary

Date: 16-April-2015

Mumbai

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

1. Corporate Information

Family Credit Limited ('the Company') is a public company domiciled in India. The Company is a systemically important non-deposit accepting non-banking financial company or NBFC-ND-SI registered with the Reserve Bank of India (RBI). The Company is engaged in the business of financing of two wheelers, three wheelers, automobiles, personal loans, loans against shares, term loans and loans against property.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Reserve Bank of India ('RBI') as applicable to a non banking financial company. The financial statements have been prepared under historical cost convention on an accrual basis except for interest on loans, which have been classified as non-performing assets are accounted on realised basis.

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

2.1 Significant Accounting Policies

(a) Use of estimates

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

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its 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.

(c) Depreciation on tangible fixed assets

- i. Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also the management's estimate of useful life of the assets.
- ii. Leasehold improvements are amortised over the primary lease period.
- iii. Fixed assets costing upto ₹ 5,000 individually are depreciated fully in the year of purchase.
- iv. Residual value has been taken at 5% of the cost.

(d) Intangible assets

Intangible assets are stated at cost, less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on the straight line basis over the estimated useful economic life. Computer software is amortised on a straight line basis over a period of three years.

(e) Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the

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

asset's net selling price and value in use. 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 risks specific to the asset.

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

(f) Classification and provisioning of loan portfolio

- i. Loans and other credit facilities are classified as standard, sub-standard, doubtful and loss assets in accordance with Systemically Important Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time.
- ii. Provision in respect of non-performing assets are made based on management's assessment of the degree of impairment of the loans and advances subject to the minimum provision required as per Systemically Important Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, as amended from time to time.

(g) 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.

(h) Revenue recognition

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

- i. Interest income on loans given is recognised under the accrual method. Income including interest or any other

charges on non-performing asset is recognized only when realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

- ii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan.

(i) Foreign currency transactions

i. Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii. Conversion

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

iii. Exchange differences

Exchange differences arising on the settlement of monetary items, or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

(j) Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.
- ii. Gratuity liability is defined benefit obligation and is provided for on the basis

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

of an actuarial valuation on project unit credit method made at the end of each financial year.

- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.
- iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Since the Company does not have an unconditional right to defer its leave settlement beyond 12 months, entire leave provision is disclosed in current liability in the balance sheet.

(k) Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred

tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(m) Provisions

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and reliable estimates can be made of the amount of the obligation. Provision are not discounted to its present value and are determined based on best estimated require to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow

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

of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for

diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and disposal proceeds are charged or credited to the statement of profit and loss.

(p) Cash and cash equivalents

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

(q) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the company incurs in connection with the arrangement of borrowings.

3. Share capital

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Authorized shares		
354,309,610 (March 31, 2014: 354,309,610) Equity Shares of ₹ 10 each	35,430.96	35,430.96
1,000,000 (March 31, 2014: 1,000,000) Cumulative Preference Shares of ₹ 100 each	1,000.00	1,000.00
Issued, subscribed and fully paid-up shares		
204,309,610 (March 31, 2014: 204,309,610) Equity Shares of ₹ 10 each fully paid	20,430.96	20,430.96
Total issued, subscribed and fully paid-up share capital	20,430.96	20,430.96

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

Equity shares

	31-Mar-15		31-Mar-14	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	204,309,610	20,430.96	154,309,610	15,430.96
Issued during the year- Fresh Issue			50,000,000	5,000.00
Outstanding at the end of the year	204,309,610	20,430.96	204,309,610	20,430.96

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	31-Mar-15		31-Mar-14	
	No. of Shares	Amount	No. of Shares	Amount
L & T Finance Holdings Limited, the Holding Company and its Nominees	204,309,610	20,430.96	204,309,610	20,430.96
204,309,610 (March 31, 2014: 204,309,610) Equity Shares of ₹ 10 each fully paid.				

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of ₹ 10 each fully paid	31-Mar-15		31-Mar-14	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
L & T Finance Holdings Limited, the Holding Company	204,309,610	100%	204,309,610	100%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Capital redemption reserve	320.00	320.00
Securities premium account		
Balance as per the last financial statements	45,825.51	40,833.48
Add: Premium on fresh issue of equity shares		5,000.00
Less: NCD issue expenses	(19.69)	(7.99)
Closing Balance	45,805.82	45,825.49
Statutory reserve		
Balance as per the last financial statements	3,666.99	2,139.90
Add: Amount transferred from surplus balance in the statement of profit and loss	1,457.21	1,527.09
Closing Balance	5,124.20	3,666.99
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(22,956.55)	(29,064.93)
Add: Profit for the year	7,286.03	7,635.47
Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(1,457.21)	(1,527.09)
Net surplus/ (deficit) in the statement of profit and loss	(17,127.73)	(22,956.55)
Total reserves and surplus	34,122.29	26,855.93

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

5. Long-term borrowings

(₹ in Lakh)

	Non-current portion		Current maturities	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Non Convertible Debentures (Refer Note 5.1)				
Secured	87,800.00	32,900.00	18,850.00	-
Unsecured	11,500.00	7,500.00	-	-
Term loans (Refer Note 5.1)				
Indian rupee loan from banks (secured)	837.00	45,000.28	21,662.16	96,766.12
Demand loans (Refer Note 5.1)				
Indian rupee loan from banks (secured)	3,333.34	24,666.00	3,333.33	3,333.33
Revolving credit (Refer Note 5.1)				
Revolving credit from bank (unsecured)	42,500.00	-	-	-
	145,970.34	110,066.28	43,845.49	100,099.45
The above amount includes				
Secured borrowings*	91,970.34	102,566.28	43,845.49	100,099.45
Unsecured borrowings	54,000.00	7,500.00	-	-
Net amount	145,970.34	110,066.28	43,845.49	100,099.45

*Indian rupee loan from banks are term loans and demand loan secured by exclusive charge on specific book debt and future receivables.

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

5.1 Refer note 5 long-term borrowings Terms of repayment of Unsecured Revolving Limit as on March 31, 2015

(₹ in Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount							
Bullet repayment schedule										
1-3 Yrs	10%-11%	-	-	1	12,500	-	-	-	-	12,500
		-	-	1	30,000	-	-	-	-	30,000
		-	-	2	42,500	-	-	-	-	42,500

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

Refer note 5 long-term borrowings Terms of repayment of NCD (Secured) as on March 31, 2014

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly repayment schedule										
1-3 Yrs	9%-10%	-	-	-	-	-	-	-	-	-
	10%-11%	-	32,000.00	-	900.00	-	-	-	-	32,900.00
	11%-12%	-	-	-	-	-	-	-	-	-
Above 3 years	12%-13%	-	-	-	-	-	-	-	-	-
	10%-11%	-	-	-	-	-	-	-	-	-
		-	32,000.00	-	900.00	-	-	-	-	32,900.00

Refer note 5 long-term borrowings Terms of repayment of NCD (Unsecured) as on March 31, 2014

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly repayment schedule										
1-3 Yrs	9%-10%	-	-	-	-	-	-	-	-	-
	10%-11%	-	-	-	-	-	-	-	-	-
	11%-12%	-	-	-	-	-	-	-	-	-
Above 3 years	12%-13%	-	-	-	-	-	-	-	-	-
	10%-11%	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	7,500.00	-	-	7,500.00

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

6. Other long-term liabilities

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Debt service reserve account	211.05	195.89
Interest accrued but not due on borrowings	2,427.26	-
	2,638.31	195.89

7. Provisions

	Long-term		Short-term	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Provision for employee benefits				
Provision for gratuity (refer note 32)	-	-	24.24	-
Provision for leave benefits	-	-	167.91	120.67
	-	-	192.15	120.67
Other provisions				
Provision for taxation	-	-	2,063.94	-
Contingent provision against standard assets (refer note 2.1 e)	916.17	439.71	1,140.94	569.63
	916.17	439.71	3,204.88	569.63
	916.17	439.71	3,397.03	690.30

8. Short-term borrowings

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
A. Secured		
Cash credit from banks*	-	406.13
	(A)	406.13
B. Unsecured		
Commercial Papers	120,000.00	51,000.00
Less: Unamortised discount	(1,792.03)	(456.13)
	118,207.97	50,543.87
Revolving credit from bank	-	10,000.00
	(B)	60,543.87
Total (A+B)	118,207.97	60,950.00

*Cash credit from banks are secured by exclusive charge on book debts and future receivables. The cash credit is repayable on demand and carries interest @ 12% p.a.

9. Other current liabilities

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Trade payables (including acceptances) (refer note 33 for dues payable to micro and small enterprises)		
Expenses and other payable	2,560.05	2,006.68
Employee benefits payable	173.84	166.83
Other liabilities		
Interest accrued but not due on borrowings	2,842.98	646.23
Advance from customers	1,113.16	684.17
Bank balance (book overdraft)	3,050.42	1,841.35
Statutory dues payable	254.74	243.55
	9,995.19	5,588.81

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

10.1 Tangible assets [previous year]

	Gross Block (at cost)				Depreciation/ Amortisation		Net Block	
	As at April 01, 2013	Addition during the year	Disposal during the year	As at March 31, 2014	As at April 01, 2013	Disposal during the year	As at March 31, 2014	As at March 31, 2013
(i) Asset for own use								
Vehicles	10.13	-	-	10.13	10.13	-	10.13	-
Furniture and Fixture	186.85	6.47	7.85	185.47	184.26	7.65	184.06	1.41
Computers	1,017.34	188.73	7.82	1,198.25	957.94	83.14	1,033.26	164.99
Office Equipment	307.33	39.69	14.84	332.18	229.54	43.53	258.32	73.86
Sub-Total (i)	1,521.65	234.89	30.51	1,726.03	1,381.87	134.32	1,485.77	240.26
(ii) Leasehold asset								
	764.25	14.50	84.82	693.93	735.70	31.78	682.65	11.28
Sub-Total (ii)	764.25	14.50	84.82	693.93	735.70	31.78	682.65	11.28
Total [(i)+(ii)]	2,285.90	249.39	115.33	2,419.96	2,117.57	166.10	2,168.42	251.54

The Company does not have any other leasehold assets except as disclosed above.
All assets have been recognized at cost

11.1 Intangible assets [previous year]

	Gross Block (at cost)				Depreciation/ Amortisation		Net Block	
	As at April 01, 2013	Addition during the year	Disposal during the year	As at March 31, 2014	As at April 01, 2013	Disposal during the year	As at March 31, 2014	As at March 31, 2013
Computer software	1,037.13	211.69	0.00	1,248.82	919.15	115.81	1,034.96	117.98
Total	1,037.13	211.69	0.00	1,248.82	919.15	115.81	1,034.96	117.98

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

12. Investments

(₹ in Lakh)

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Non-trade investment (Unquoted)				
Investment in associates				
23,000,000 (March 31, 2014 - 23,000,000) shares of ₹ 10 each fully paid in L&T Infrastructure Debt Fund Ltd.	2,300.00	2,300.00	-	-
Investment in equity instruments (Quoted)				
475,146 (March 31, 2014 - Nil) shares in Bhushan Steel Ltd. (at cost less provision for diminution in value of investment)	-	-	309.80	-
Investment in Mutual Funds (Unquoted)				
Investment in Mutual Fund	-	-	15,004.72	18,500.00
	2,300.00	2,300.00	15,314.52	18,500.00
Aggregate amount of quoted investments [Cost ₹ 325 lacs (March 31, 2014 - Nil)]	-	-	309.80	-
Aggregate amount of unquoted investments	2,300.00	2,300.00	15,004.72	18,500.00

13. Loans and advances

(₹ in Lakh)

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
I. Loans and advances towards financing activities				
A. Secured, Considered Good*				
Loans against hypothecated assets	122,208.33	120,571.38	140,479.06	113,382.54
Loans against shares	13,705.00	10,550.00	2,716.67	9,256.46
Term loans	7,342.69	997.42	3,202.49	1,152.99
Loan against property	15,569.18	15,192.62	2,677.89	1,158.47
Short term loans	-	-	1,565.94	8,997.35
Debentures****	6,000.00	-	-	-
	164,825.20	147,311.42	150,642.05	133,947.81
Considered Doubtful**				
Loans against hypothecated assets	10,189.63	7,805.60	-	-
Loans against shares	-	-	-	-
Term loans	-	-	-	-
Loan against property	123.14	-	-	-
Short term loans	-	-	-	-
Less: Provision for non performing assets (refer note 2.1 f)	(6,385.41)	(5,638.98)	-	-
(A)	168,752.56	149,478.04	150,642.05	133,947.81

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

(₹ in Lakh)

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
B. Unsecured, Considered Good*				
Loans against shares***	-	-	2,072.01	-
Term loans	11,233.78	-	26.22	-
Short term loans	-	-	5,000.00	-
Personal loans	2,171.91	1,983.48	5,941.75	5,507.24
	13,405.69	1,983.48	13,039.98	5,507.24
Considered Doubtful**				
Loans against shares				
Term loans				
Short term loans				
Personal loans	235.37	379.81	-	-
Less: Provision for non performing assets (refer note 2.1 f)	(235.15)	(379.81)	-	-
(B)	13,405.91	1,983.48	13,039.98	5,507.24
Sub-Total (A+B) (C)	182,158.47	151,461.52	163,682.03	139,455.05
* Represents standard assets in accordance with classification of assets as per RBI Prudential norms for NBFCs				
** Represents sub-standard & doubtful assets in accordance with classification of assets as per RBI Prudential norms for NBFCs				
*** Represents the outstanding loan balance in excess of the value of security pledged by the borrower				
**** Details of Debentures in the nature of Loan are as follows:				
Name of the Company	No	Face value	Amount	
Non Convertible Redeemable Debentures				
1. Bacchus Hospitality Services & Real Estate Private Limited	600	10 lakhs	6,000.00	
II. Other loans and advances				
D. Capital advances				
Unsecured, considered good	77.65	0.69	-	-
(D)	77.65	0.69	-	-
E. Security deposits				
Unsecured, considered good	244.57	294.94	-	-
(E)	244.57	294.94	-	-
F. Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,779.38	4,055.82
Unsecured, considered doubtful	32.55	32.55	-	-
	32.55	32.55	1,779.38	4,055.82
Provision for doubtful advances	(32.55)	(32.55)		
(F)	-	-	1,779.38	4,055.82
G. Other loans and advances				
Employee Advances (secured, considered good)	-	-	6.23	2.31
Advance income tax (net of provision for taxation)	-	282.48	-	-
Prepaid expenses	4.71	3.62	72.39	123.25
(G)	4.71	286.10	78.62	125.56
Sub-Total (D+E+F+G) (H)	326.93	581.73	1,858.00	4,181.38
Total (C+H)	182,485.40	152,043.25	165,540.03	143,636.43

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

14. Deferred tax asset (net)

(₹ in Lakh)

	31-Mar-15	31-Mar-14
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	240.73	268.48
Provision for doubtful debts and advances	3,003.17	2,388.76
Provision for leave availment	65.65	41.00
Interest income on non performing loans recognised for tax purposes	813.51	531.00
Disallowance u/s 40(a)(ia) of the Income Tax Act, 1961	190.89	-
Provision for diminution in value of investment	5.26	-
Net Deferred tax asset	4,319.21	3,229.24
Net Deferred tax asset recognised	4,319.21	2,700.00

15. Other assets

(₹ in Lakh)

	Non Current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Non-current bank balances (refer note 16)	-	0.38	-	-
Interest accrued but not due on portfolio loans	-	-	4,272.06	3,168.96
Interest accrued and due on portfolio loans	-	-	1,551.64	976.24
Redemption premium accrued but not due on loans against shares	865.46	121.55	-	-
Interest accrued but not due on deposits placed with banks	-	0.11	0.20	-
Interest accrued but not due on trade advance	-	-	0.43	8.53
	865.46	122.04	5,824.33	4,153.73

16. Cash and bank balances

(₹ in Lakh)

	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Balances with banks:				
On current accounts	-	-	1,357.87	929.63
Cash on hand	-	-	1,106.43	453.78
	-	-	2,464.30	1,383.41
Other bank balances				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	4.10	13.07
Deposits with original maturity of more than 12 months	-	-	-	-
Margin money deposits*	-	0.38	0.38	-
	-	0.38	4.48	13.07
Amount disclosed under non-current assets (refer note 15)	-	(0.38)	-	-
	-	-	2,468.78	1,396.48

* Margin money deposit includes margin money against bank guarantee ₹ 0.04 [March 31, 2014 : ₹ 0.04]

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

17. Revenue from operations

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Interest income		
Interest income on portfolio loans	52,993.64	36,360.99
Other operating revenue		
Loan origination income (refer note 2.1 h)	6,995.99	6,307.19
Prepayment and other charges	3,096.78	1,883.70
Recovery against loans written off	121.07	50.60
Other operating fees collected	328.69	227.13
	63,536.17	44,829.61

18. Other income

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Interest on fixed deposits	0.54	99.96
Interest on inter corporate deposits	69.08	53.87
Insurance commission	-	27.28
Income from mutual funds & investments	180.52	291.03
Profit on sale of assets	19.06	8.89
Liabilities no longer required written back	7.92	5.64
Miscellaneous income	109.99	61.48
	387.11	548.15

19. Employee benefit expenses

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Salaries and bonus	2,534.99	2,310.38
Leave benefits	63.07	(8.71)
Contribution to provident fund and others	119.77	107.97
Contribution to matching grant scheme	12.37	9.79
Gratuity expenses (refer note 32)	53.28	9.92
Staff welfare expenses	141.95	103.89
Employees stock option expenditures (refer note 35)	0.15	1.59
	2,925.58	2,534.83

20. Finance costs

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Interest		
On term loans from banks	7,837.63	15,285.54
On cash credit from banks	19.08	63.50
On inter-corporate deposits	160.26	207.98
On non convertible debenture	9,492.24	239.84
On payment of income tax	113.14	0.41
On demand loan	689.94	47.01
On revolving credit	811.21	20.14
Discounting on commercial papers	7,530.13	2,955.11
Loan processing fees	1.06	12.68
Brokerage and issue expense	132.72	44.60
	26,787.41	18,876.81

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

21. Other expenses

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Rent	754.36	745.77
Electricity charges	159.21	178.59
Communication expenses	214.04	191.47
Printing and stationery	213.01	219.38
Filling Fees	1.31	107.70
Rates and taxes	348.23	337.22
Bank charges	884.30	679.86
Legal and professional charges	379.55	759.26
Rating Expenses	21.24	24.42
Postage and telegram	215.67	205.51
Service charges of outsourced employees	1,972.01	2,440.28
Advertisement expenses	63.00	78.74
Seizure and parking charges	240.07	185.05
Brokerage and commission	3,535.18	3,135.00
Marketing incentives	610.47	744.55
Collection charges	4,470.11	2,974.59
Field investigation expenses	799.16	920.21
Travelling and conveyance	222.85	197.00
Portfolio management cost	85.07	-
Hire charges	4.88	6.78
Auditors' remuneration (refer details below)	25.27	22.90
Computer network charges	150.15	188.42
Repairs and maintenance		
Computer Software and Hardware	721.41	257.61
Others	156.67	67.24
Insurance premium	10.03	5.38
Corporate support charges paid to group companies	332.58	209.20
Directors sitting fees	2.80	-
Loan processing expenses	217.05	-
Miscellaneous expenses	43.67	45.37
CSR Expenses	114.03	4.90
	16,967.38	14,932.40
As auditor:		
Audit fees	9.75	8.49
Tax audit fees	1.50	1.59
Limited review	4.50	3.00
In other capacity:		
Other services including certification fees	5.80	3.00
Reimbursement of expenses	3.72	6.82
	25.27	22.90

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

22. Depreciation and amortization expenses

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Depreciation of tangible and intangible assets	246.15	281.91
	246.15	281.91

23. Provisions and write-offs

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Contingent provision against standard assets	1,047.77	245.00
Provision for non-performing assets	601.79	(3,516.95)
Portfolio loans and other balances written off	5,143.18	5,487.83
Provision for diminution in value of investment in equity (quoted)	15.20	-
	6,807.94	2,215.88

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	(₹ in Lakh)	
	31-Mar-15	31-Mar-14
Net profit for calculation of basic EPS	7,286.03	7,635.47
Net profit for calculation of diluted EPS	7,286.03	7,635.47
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic/ diluted EPS	204,309,610	178,213,720

25. Change in accounting estimates:

a. Provisioning and income recognition on loan portfolio:

- i. During the current year, the Company has revised its estimate of the useful life of the new vehicle hypothecated towards vehicle loans given by the Company from 5 years to 10 years in determining the security value of the underlying vehicle. Had the Company continued to use earlier estimate the charge to the statement of profit and loss would have been higher by ₹ 103.72 lacs.
- ii. During the current year, the Company has started reversal of unrealised income at 150 days past due against 180 days past due, in respect of retail loans. As a result, interest income recognized is lower by ₹ 370.11 lacs.
- iii. During the current year, the Company has increased the provisioning for standard assets from 0.25% to 0.30% in respect of auto loans, Loan against shares, and term loan portfolio. As a result, the provision for standard assets and charge to statement of profit and loss is higher by ₹ 85.51 lacs.

b. Depreciation of tangible and intangible assets:

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has re-assessed the useful lives and residual values of its fixed assets as at April 1, 2014. As a result of this change, the depreciation charge for the year is lower by ₹ 10.91 lacs.

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

26. Segment Information

The Company has a single reportable segment i.e. financing which has similar risk and return for the purpose of AS-17 on 'Segment Reporting' notified under section 133 of the the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules,2014. The Company operates in a single geographical segment i.e domestic.

27. Related Party Transactions\

a) List and details of related parties

Holding Company	L&T Finance Holdings Limited ('LTFH') Larsen & Toubro Limited('L&T') - Ultimate Holding Company
Fellow Subsidiaries	L&T Finance Limited ('LTF') L&T FinCorp Limited L&T Housing Finance Limited ('LTHF') L&T Infrastructure Finance Limited ('LTIF') L&T Infrastructure Debt Fund ('LTIDF') L&T Capital Market Limited. ('LTCM') L & T Investment Management Limited.
Key Management Personnel	G C Rangan – Chief Executive and Manager (up to 30.11.2014) Vamsidhar Chevendra – Manager (from 20.03.2015)

b) Transaction with the related parties

		(₹ in Lakh)	
S . No.	Nature of transactions	Current Year	Previous Year
1	Equity Infusion		
	L&T Finance Holdings Limited	-	10,000
2	Issue of redeemable non-convertible debentures		
	Larsen & Toubro Limited	-	2,000
	L&T Finance Holdings Limited	4,000	7,000
	L&T Finance Limited	-	5,900
3	Inter corporate deposits borrowed		
	L&T Finance Holdings Limited	58,150	64,250
	L&T Finance Limited	58,395	43,000
	L&T Fincorp Limited	-	300
	L&T Housing Finance Limited	10,700	-
4	Inter corporate deposits repaid		
	L&T Finance Holdings Limited	58,150	64,250
	L&T Finance Limited	58,395	43,000
	L&T Fincorp Limited	-	300
	L&T Housing Finance Limited	10,700	-
5	Interest expense on inter corporate deposits		
	L&T Finance Holdings Limited	63	121
	L&T Finance Limited	87	70
	L&T Fincorp Limited	-	0.43
	L&T Housing Finance Limited	10	-

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

(₹ in Lakh)

S . Nature of transactions No.	Current Year	Previous Year
6 Inter corporate deposits given		
L&T Infrastructure Finance Company Limited	200	-
L&T Finance Limited	23,900	11,369
L&T Fincorp Limited	28,400	9,300
L&T Housing Finance Limited	16,150	-
7 Inter corporate deposits received back		
L&T Infrastructure Finance Company Limited	200	-
L&T Finance Limited	23,900	12,893
L&T Fincorp Limited	28,400	9,300
L&T Housing Finance Limited	16,150	-
8 Interest received on inter corporate deposits		
L&T Infrastructure Finance Company Limited	0.05	-
L&T Finance Limited	18	20
L&T Fincorp Limited	28	34
L&T Housing Finance Limited	22	-
9 Interest paid on NCD		
L&T Finance Holdings Limited	972	31
10 Portfolio related transaction		
Purchase of loan portfolio from L&T Finance	-	46,192
Collection amount received from L&T Finance	31,188	21,265
Collection charges paid to L&T Finance	36	27
Portfolio management cost paid to L&T Housing Finance	96	0
11 Investment		
L&T Infrastructure debt fund	-	2,300
12 Corporate support charges paid		
L&T Finance Limited	374	235
13 Branch sharing cost paid to		
L&T Finance Limited	184	64
L&T Housing Finance Limited	9	12
L&T Vrindavan Properties Limited	14	-
14 Branch sharing cost recovered from		
L&T Finance Limited	75	33
L&T Housing Finance Limited	31	24
15 Managerial Remuneration		
Vamsidhar Chevendra (from 20.03.2015)	1.70	-
16 Rent Deposit paid		
L&T Vrindavan Properties Limited	2	-
17 Professional Fees Expense		
Larsen & Toubro Limited	33	7
18 ESOP Cost		
L&T Finance Holdings Limited	0.15	1.59
19 Arranger Fees		
L&T Capital Market	-	1.11

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

c) Balance outstanding at the end of year:

		(₹ in Lakh)	
S . Nature of transactions No.		Current Year	Previous Year
1 Equity Share Capital			
	L&T Finance Holdings Limited	20,431	20,431
2 Non Convertible Debenture			
	L&T Finance Holdings Limited	7,500	7,000
3 Interest accrued but not due on non-convertible debentures			
	L&T Finance Holdings Limited	319	31
4 Investment			
	L&T Infrastructure debt fund	2,300	2,300
5 Rent Deposit			
	L&T Vrindavan Properties Limited	2	0
6 Expenses payable			
	Larsen & Toubro Limited	19	21
	L&T Finance Holdings Limited	0.15	-
	L&T Investment Management Limited	0.10	-
7 Expenses receivable			
	Larsen & Toubro Limited	-	8
	L&T Finance Limited	4	-
8 Portfolio			
	Collection amount receivable from L&T Finance	655	3,063
	Collection charges payable to L&T Finance	-	3

28. Leases

Office premises are taken on operating lease. The lease term is for 11 months to 60 months and renewable at the option of the Company. Certain lease agreements contain clause for escalation of lease payments. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to the Statement of profit and loss.

Description	March 31, 2015	March 31, 2014
Operating lease payments recognized during the year	570	677
Minimum Lease Obligations		
Not later than one year	458	684
Later than one year but not later than five years	1265	945
Later than five years	-	-

29. (a) Contingent Liabilities not provided for

Description	March 31, 2015	March 31, 2014
Bank Guarantees to Assistant Commissioner of Commercial Taxes	0.26	0.26
Claimed amount to be paid as per respective orders passed by Forum/ Courts (subject to interest)	30.35	-
Total	30.61	0.26

(b) The Company's pending litigations, having an impact on the financial position, comprise certain proceedings pending with Income Tax and VAT authorities. The Company has reviewed all such pending litigations and proceedings and has adequately provided wherever considered necessary in the financial statements. Refer Note 34 for details on VAT matters.

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

In addition, the Company is involved in other legal proceedings and claims, which have arisen in the ordinary course of business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial condition.

30. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2015 is ₹ 81 (Previous Year ₹ 19).

31. Expenditure in foreign currency (Accrual basis)

Description	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
Subscription Fees	-	1
Software License fee	1	-
Total	1	1

32. Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table summarises the component of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

Statement of Profit and Loss

Net employee benefits expense recognised in the employee cost:

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Current service cost	20	22
Interest cost on benefit obligation	11	10
Expected return on plan assets	(9)	(10)
Net actuarial (gain) / loss recognised in the year	31	(12)
Amount not recognised as asset	-	-
Gratuity expense	53	10
Actual return on plan assets	8	12

Balance Sheet

Details of Provision for gratuity

Particulars	March 31, 2015	March 31, 2014
Defined benefit obligation	118	103
Fair value of plan assets	94	128
	(24)	25
Less: Amount not recognised as asset	-	-
Plan asset / (liability)	(24)	25

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

Changes in the present value of the defined benefit obligation are as follows:

Particulars	March 31, 2015	March 31, 2014
Opening defined benefit obligation	103	101
Interest cost	11	10
Current service cost	20	22
Benefits paid	(47)	(20)
Actuarial (gains) / losses on obligation	30	(10)
Closing defined benefit obligation	118	103

Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2015	March 31, 2014
Opening fair value of plan assets	128	123
Expected return	9	10
Contributions by employer	5	13
Benefits paid	(47)	(20)
Actuarial gains / (losses)	(1)	2
Closing fair value of plan assets	94	128

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2015	March 31, 2014
Investments with insurer (%)	100	100

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	March 31, 2015	March 31, 2014
Discount rate (%)	7.90	9.35
Expected rate of return on assets (%)	7.50	7.50
Employee Turnover (%)		
Age (Years) 21-44	2.00	2.00
Age (Years) 45-57	1.00	1.00

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous year are as follows:

Particulars	Gratuity				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	118	103	101	63	44
Plan assets	94	128	123	124	91
Surplus / (deficit)	(24)	25	22	61	47
Experience adjustments on plan liabilities	10	(6)	11	-	-
Experience adjustments on plan assets	1	2	1	-	-

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

33. Dues to Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/ payable is disclosed below:

Sr. No.	Particulars	Current Year	Previous Year
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	0.79	-
2	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
4	The amount of Interest accrued and remaining unpaid at the end of each accounting year.	-	-

34. Value Added Tax

The Company received an order from West Bengal Taxation Tribunal (WBTT) for payment of VAT on sale of repossessed assets. In its decision dated April 16, 2010, WBTT concluded that Non-banking financial companies are 'dealers' within the meaning of definition of dealer under Section 2(11)(d) of West Bengal VAT Act, 2003 and accordingly liable for payment of VAT. The Company being one of the petitioners to the Tribunal on the above matter has provided for VAT liability of ₹ 168.40. However the Company has paid VAT under protest amounting to ₹ 103.30 out of the above liability, on the sale value of repossessed vehicles after claiming benefit of Rule 26K of West Bengal VAT Rules, 2005. The Company had filed a petition before the Calcutta High Court against the order of the WBTT. However, the Calcutta High Court has dismissed the petition in favour of WBTT. The Company along with other petitioners has filed petition before the Supreme Court against the order of the Calcutta High Court.

Further, the Company has received an order from VAT authorities in the state of Orissa in December 2012 levying an amount of ₹ 17 on sale of repossessed assets in Orissa. The Company has made an appeal against the order of the Deputy Commissioner of Sales Tax and made a provision of ₹ 17 as at March 31, 2015 out of which ₹ 8.27 has been paid. Apart from the above proceedings, there

are no other proceedings against the Company for payment of VAT on sale of repossessed assets.

35. Pursuant to the Employees Stock Options Scheme established by L&T Finance Holdings Limited, the holding company, stock options were granted to the employees of the Company during the financial year 2013-14. The total cost incurred by the holding company, in respect of options granted to employees of the Company amounts to ₹ 2.36 lakh. This sum is being recovered from the Company over the period of vesting. Accordingly, sum of ₹ 1.6 lakh in previous year and a sum of ₹ 0.15 lakh in current year has been recovered from the Company has been charged to the Statement of Profit and Loss. The balance sum of ₹ 0.61 lakh will be recovered in future periods.
36. The Company has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower name	No. of shares kept as bailee	
	2014-15	2013-14
Brij Bhushan Singhal	1,022,500	-
Neeraj Singhal	1,999,854	-

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

37. Additional disclosure required by RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15

a) Capital to Risk-Asset Ratio (CRAR)

Sr. No.	Particulars	Current year	Previous year
(i)	CRAR (%)	17.08%	16.49%
(ii)	CRAR- Tier I Capital (%)	13.44%	13.84%
(iii)	CRAR- Tier II Capital (%)	3.64%	2.65%
(iv)	Amount of subordinated debt raised during the year as Tier-II capital	4,000	7,500
(v)	Amount raised during the year by issue of Perpetual Debt Instruments	-	-

b) Investments

Sr. No.	Particulars	Current year	Previous year
(1)	Value of Investments		
(i)	Gross Value of Investments		
	(a) In India	17,614.52	20,800.00
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	17,614.52	20,800.00
	(b) Outside India	-	-
(2)	Movement of provisions held towards depreciation on investments.		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

c) Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. Hence, no disclosure has been made for the same.

d) Disclosures relating to Securitisation

1) The Company has not entered into any securitisation/assignment transactions during the year and had no outstanding securitisation transaction for earlier years. Also, the Company did not sell any non-performing assets during current and previous year. Hence, no disclosure has been made for the same.

2) Details of non-performing financial assets purchased

Sl. No.	Particulars	Current year	Previous year
(a)	No. of accounts purchased during the year	-	7
(b)	Aggregate outstanding	-	6.36
(a)	Of these, number of accounts restructured during the year	-	-
(b)	Aggregate outstanding	-	-

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

e) Exposures

1) Exposures to Real Estate Sector

S I . Particulars No	March 31, 2015	March 31, 2014
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	8,698	11,467
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	10,938	11,562
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

2) Exposure to Capital Market

S I . Particulars No.	Current year	Previous year
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2,300	2,300
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	18,700.97	19,806.46
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	6,000	
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	27,000.97	22,106.46

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

- 3) Details of financing of parent company products: None.
- 4) The Company has not exceeded the Single Borrower Limit (SGL) or Group Borrower Limit (GBL) as defined in RBI.
- 5) The particulars of Unsecured Advances is given below:

Particulars	Amount
Personal Loans	8,349.03
Term Loans	16,260.00
Loans Against Shares	2,072.01
Total	26,681.04

f) Miscellaneous

- 1) Registration obtained from other financial sector regulators: None.
- 2) Disclosure of penalties imposed by RBI and other regulators: None
- 3) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	2013-14		2014-15		Remarks
	CARE	ICRA	CARE	ICRA	
Agencies					
Commercial Paper	CARE A1+	-	CARE A1+	-	
Non Convertible Debenture	CARE AA	ICRA AA (Stable)	CARE AA+	ICRA AA+ (Stable)	The Company has migrated from CARE AA to CARE AA+ on 11th August, 2014 and from ICRA AA to ICRA AA+ on 12th September, 2014.
Bank Loans	CARE AA	-	CARE AA+	-	The Company has migrated from CARE AA to CARE AA+ on 11th August, 2014
Subordinated Debt	CARE AA	ICRA AA (Stable)	CARE AA+	ICRA AA+ (Stable)	The Company has migrated from CARE AA to CARE AA+ on 11th August, 2014 and from ICRA AA to ICRA AA+ on 12th September, 2014.

- 4) Remuneration to directors

Name	Amount	Nature
Mr. Mannil Venugopalan	1.40	Sitting Fees
	5.95	Commission
Mr. Banavar Anantharamaiah Prabhakara	1.40	Sitting Fees
	5.90	Commission

g) Provisions and Contingencies

- 1) **Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss**

Particulars	March 31, 2015	March 31, 2014
Provisions for depreciation on Investment	-	-
Provision towards NPA	601.79	(3,516.95)
Provision made towards Income tax		
- Current Tax for the year.	4522.00	0.46
- Deferred Tax for the year.	(1619.21)	(1100.00)
Other Provision and Contingencies		
Provision for Standard Assets	1,047.77	245.00
Provision for leave benefits	63.07	31.00
Provision for Gratuity	53.28	9.92

- 2) **Draw Down from Reserves** : None

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

h) Concentration of Deposits, Advances, Exposures and NPAs

1) Concentration of Advances

Particulars	Amount	Percentage to Total Advances
Total Advances to twenty largest borrowers (Including Interest Due)	59,467	16.80%

2) Concentration of Exposures

Particulars	Amount	Percentage to Total Exposure
Total Exposure to twenty largest borrowers (Including Interest Due)	59,776	16.87%

3) Concentration of non performing assets

Particulars	Amount
Total Exposure to top four NPA accounts	81.90

4) Sector-wise non performing assets

S I . Sector No.	Amount	Percentage to Total Advances in that Sector
1 Agriculture & allied activities	-	-
2 MSME	-	-
3 Corporate borrowers	-	-
4 Services	-	-
5 Unsecured personal loans	235.37	2.82%
6 Auto loans	10,189.47	3.73%
7 Other personal loans	123.15	1.42%

5) Movement of NPAs

S. No.	Particulars	Current year	Previous year
(i)	Net NPAs to Net Advances (%)	1.14%	0.74%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	8,185.41	9,996.90
	(b) Additions during the year	7,499.20	4,130.87
	(c) Reductions during the year	5136.04	5,942.36
	(d) Closing balance	10,548.57	8,185.41
(iii)	Movement of Net NPAs		
	(a) Opening balance	2,166.62	460.85
	(b) Additions during the year	2,800.05	1,871.59
	(c) Reductions during the year	1,038.92	165.82
	(d) Closing balance	3,927.75	2,166.62
(iv)	Movement of provisions for NPAs		
	(a) Opening balance	6,018.79	9,536.05
	(b) Provisions made during the year	4,699.15	2,259.28
	(c) Write-off / write-back of excess provisions	4,097.12	5,776.54
	(d) Closing balance	6,620.82	6,018.79

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

i) Disclosure of Customer Complaints

S. No.	Particulars	No.
(a)	No. of complaints pending at the beginning of the year	5
(b)	No. of complaints received during the year	991
(c)	No. of complaints redressed during the year	993
(d)	No. of complaints pending at the end of the year	3

j) Disclosure on fraud

Type of fraud	Number of cases	Amount involved	Amount recovered	Provision/ Loss
Fraudulent misrepresentation	10	54.87	1.12	53.75
Cash mis-appropriation by outsider	3	0.58	-	0.58

Previous year

Type of fraud	Number of cases	Amount involved	Amount recovered	Provision/ Loss
Fraudulent misrepresentation	15	19.2	13.1	6.1

k) Maturity pattern of certain items of assets and liabilities

Particulars	Upto 1 mth	1 to 2 mths	2 to 3 mths	3 to 6 mths	6 mths to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings	2,000	60,833	67,291	11,039	22,683	134,470	-	11,500	309,816
Assets									
Advances	14,112	18,952	13,952	43,401	75,411	146,857	31,706	3,129	347,520
Investments	15,005	-	-	-	310	-	-	2,300	17,615

Previous Year

Particulars	Upto 1 mth	1 to 2 mths	2 to 3 mths	3 to 6 mths	6 mths to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings	20,567	41,530	24,316	22,950	51,687	102,566	-	7,500	271,116
Assets									
Advances	15,012	17,770	12,559	36,599	62,102	113,982	26,388	11,234	295,646
Investments	18,500	-	-	-	-	-	-	2,300	20,800

Note: Advances considered above are as per note 13 of the financial statement, net of Provision for Non-performing asset and contingency provision for standard assets given in note 7 of the financial statements.

38. Previous year figures

Figures for the previous year have been regrouped, rearranged or reclassified, where necessary to conform to the current period's classification.

For and on behalf of the Board of directors of Family Credit Limited

N Sivaraman

Director

(DIN: 00001747)

Srimanta Sarkar

Head-Account

Dinanath Dubhashi

Director

(DIN: 03545900)

Amit Bhandari

Company Secretary