

Board's Report

Dear Members,

The Directors of your company have pleasure in presenting the Twenty Third Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year 2015-16 as compared to the previous financial year 2014-15 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Income	77,821.84	63,923.28
Less: Total Expenses	64,390.27	53,734.46
Profit / (Loss) before tax	13,431.57	10,188.82
Less: Provision for tax	4692.06	2,902.79
Profit after tax from operations	8739.51	7,286.03
Profit for the period carried to the balance sheet	8739.51	7,286.03
Add: Balance brought forward from previous year (Deficit)/Surplus	(17,127.73)	(22,956.55)
Less: Transferred to Special Reserve u/s 45-IC of RBI Act, 1934	1,747.90	1,457.21
Net surplus/ (deficit) in the Statement of Profit and Loss	(10,136.12)	(17,127.73)

APPROPRIATIONS

During the current financial year, the Company has not transferred any amount to General Reserve. Your company proposes to transfer ₹ 1,747.90 Lakh (previous year: ₹ 1,457.21 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

In order to conserve the reserves of the Company, the

directors have decided not to recommend any dividend for the year under review.

CREDIT RATING

During the year under review, the Company had its issues of debentures rated and re-affirmed at CARE AA+ and [ICRA] AA+ by CARE and ICRA respectively. The rating indicates that the NCDs carry very low credit risk and are considered to have high degree of safety regarding timely servicing of financial obligations and further indicating "Stable" outlook.

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 with the year ended March 31, 2015, 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 35.5% in comparison to the year ended March 31, 2015, from ₹ 2,60,110 Lakh to ₹ 3,52,354 Lakh, primarily driven by loans in respect of two wheelers and corporate lending.
- Momentum in overall disbursement growth with focus on high yield products led to revenue growth with income from operations growing from ₹ 63,536 in the year ended March 31, 2015 to ₹ 77,622 Lakh in the year under review, an increase of 22.2%. Total income has also grown 21.7% from ₹ 63,923 Lakh to 77,822 Lakh in the same period.
- Gross portfolio assets recorded 46.2% growth from ₹ 3,52,461 Lakh as at March 31, 2015 to ₹ 5,15,203 Lakh as at March 31, 2016.
- Profit before Tax (PBT) grew from ₹ 10,188.82 Lakhs in March 31, 2015 to ₹ 13,431.57 Lakhs in March 31, 2016.
- Profit after Tax (PAT) grew from ₹ 7286.03 Lakhs in March 31, 2015 to ₹ 8739.51 Lakhs in March 31, 2016.
- Net worth of the Company as on March 31, 2016 was ₹ 63,197 Lakh and ₹ 54,553 Lakh as on March 31, 2015.

RESOURCES

During the year under review, the Company met its funding requirements through issue of Non-Convertible Debentures (“NCDs”), Commercial Papers (“CPs”), Inter Corporate Deposits (“ICDs”) and Bank borrowings from Banks.

During the year, the net borrowings have increased from ₹ 3080.24 Crore as at March 31, 2015 to ₹ 4492.61 Crore as at March 31, 2016.

The aggregate debt (NCDs, CPs and Bank borrowings) outstanding as on March 31, 2016 was ₹ 4492.61 Crore.

SHARE CAPITAL

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

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 (“the Act”), with an appropriate combination of Non-Executive Directors and Independent Directors.

As on the date of this Report, the Board comprises the following Directors:

Dr. (Mrs.) Rajani R. Gupte
Mr. Mannil Venugopalan
Mr. Prabhakar B.
Mr. Dinanath Dubhashi
Mr. Kailash Kulkarni

During the financial year 2015-16, Mr. G. Krishnamurthy Non - Executive Director and Mr. Prabhakar B. (DIN 02101808), Independent Director of the Company, had resigned from the Board with effect from September 23, 2015, Mr. Prabhakar B. resigned as an Independent Director on account of him taking up the advisory role in the group. However, considering his immense experience and expertise, it was proposed to appoint him as an Additional Director who would be Non-Executive in nature and accordingly, with effect from October 23, 2015, he was appointed as a Non-Executive Director of the Company. He holds office as a Director up to the date of the forthcoming Annual General Meeting (“AGM”).Your company has received a notice in writing from a Member proposing his candidature for the office of Director.

The Members are also requested to note that Mr. N. Sivaraman Chairman and Non-Executive Director ceased to be a director on the Board of the Company

with effect from closure of the business hours on April 11, 2016, consequent upon his retirement from the services of L&T Financial Services Group.

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

Pursuant to the provisions of Section 161 of the Act, read with the relevant provisions in the Articles of Association, Mr. Kailash Kulkarni was appointed as an Additional Director by the Board of Directors of the Company with effect from April 29, 2016. He holds office as a Director up to the date of the forthcoming Annual General Meeting (“AGM”).Your company has received a notice in writing from a Member proposing his candidature for the office of Director.

Section 152 of the Act provides that unless the Articles of Association 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 the total number of directors liable to retire by rotation, Independent Directors are required to be excluded. Accordingly, Mr. Dinanath Dubhashi Director will retire by rotation at the ensuing AGM 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 the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149 (6) of the Act and are not disqualified from continuing as Independent Directors.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Srimanta Sarkar who was discharging the functions of the Chief Financial Officer of the Company stepped down as Head – Accounts and Mr. Saurabh Zawar was appointed as Head – Accounts and designated as Key Managerial Personnel (“KMP”) with effect from October 23, 2015,

to discharge duties as required to be performed by a Chief Financial Officer under the Act.

Accordingly, as at March 31, 2016, the Company had the following KMP:

- 1) Mr. Vamsidhar Chevendra # – Manager
- 2) Mr. Saurabh Zawar* – Head – Accounts
- 3) Mr. Amit Bhandari – Company Secretary

Mr. Vamsidhar Chevendra has resigned as the Manager of the Company, with effect from the close of business hours of April 28, 2016 and Mr. Muralidharan Rajamani was appointed as a Manager with effect from April 29, 2016.

* Mr. Saurabh Zawar resigned as Head – Accounts, with effect from the close of business hours of April 5, 2016, to take up other responsibilities within Group. Accordingly, Ms. Sonika Kapoor was appointed as Head – Accounts to discharge the functions of Chief Financial Officer and was accordingly designated as KMP with effect from April 6, 2016.

BOARD MEETINGS

During the financial year 2015-2016, six Board meetings were held on April 16, 2015, July 22, 2015, September 22, 2015, October 23, 2015, December 28, 2015 and January 21, 2016.

The Agenda for 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 Act. The details of the same are disclosed in the Corporate Governance Report.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted the Corporate Social Responsibility Committee in terms of the requirements of the Act. The details of the same are disclosed in the Corporate Governance Report.

CORPORATE GOVERNANCE

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

herewith as **Annexure A**.

In accordance with master circular issued by RBI on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015", the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, no listed company can appoint or re-appoint an audit firm as the Statutory Auditors for more than two terms of five consecutive years. Further, the aforesaid appointment is subject to ratification by the Members of the Company at every Annual General Meeting ("**AGM**").

Further, M/s. S. R. Batliboi & Associates LLP, (Firm Registration No. 301003E), who was appointed as the Statutory Auditors of the Company for a period of one year i.e. from the conclusion of the Twenty Second AGM till the conclusion of the Twenty Third AGM, had resigned with effect from December 09, 2015 due to the proposed business relationship with the ultimate holding company i.e. Larsen & Toubro Limited.

Considering the aforesaid resignation, the Board on December 28, 2015 had appointed M/s. Sharp & Tannan, Chartered Accountants (Firm Registration No.109982 W) as the Statutory Auditors of the Company and the appointment was approved by the Members at the Extra Ordinary General Meeting held on January 13, 2016, to hold office till the conclusion of the forthcoming AGM (Twenty Third AGM).

Since, the tenure of M/s. Sharp & Tannan, Chartered Accountants will end at the forthcoming AGM, the Audit Committee and Board of Directors of the Company have recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Registration No. 117366W/W-100018) as a Statutory Auditors for a period of Five years from the conclusion of the forthcoming AGM i.e. Twenty Third AGM till the conclusion of the Twenty Eighth AGM, subject to the approval of the Members at the ensuing AGM of the Company.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants have confirmed that their appointment, if made, will comply with the eligibility criteria in terms of Section 141(3) of the Act. Further, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants have 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 to the Shareholders for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

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 M/s. Alwyn Jay & Co., Company Secretaries to undertake the Secretarial Audit of the Company since M/s. Naina. R. Desai, Practising Company Secretary, had expressed unwillingness to be re-appointed as the Secretarial Auditor of the Company for the Financial Year 2015-16.

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

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

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

A) Background and Objective

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

recommendation of Nomination and Remuneration Committee, the Board has framed the Policy on Directors’ Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees (**“the Policy”**)

B) Brief Framework of the Policy

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) is required to 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. Key Performance Indicators (KPI) are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting superior/ department head/ Management vis-à-vis the performance benchmarks. The payment of remuneration/ annual increment to the aforementioned persons is determined after the satisfactory completion of Evaluation process.

The HR Department of the Company is authorised to design the framework for evaluating 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 Executive Directors and 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 Companies Act, 2013 (the Act), the Board has carried out an annual evaluation of its own performance, 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 and Independent Directors/Non-Executive Directors.

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.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of 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 provisions of 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 provisions 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 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 Directors' appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the employees listed in the said Annexure is related to any Directors of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company being a financial services company and substantially operating from leased premises, the particulars regarding conservation of energy & technology absorption in terms of provisions of Section 134(3)(m) and Rule 8 (3) of the Companies (Accounts) Rules, 2014 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 ₹ 1,11,272 for software license fees and ₹ 257,835 for professional fees.

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

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

As the Company does not have any subsidiary, joint venture or associate companies, 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 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 OR GUARANTEE GIVEN OR SECURITY PROVIDED BY THE COMPANY UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of loans given, investments made, guarantees given and security provided, if any, as covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

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 "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 CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Such system forms a part of review by the 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 reports to the Audit Committee. The Internal Audit function is carried out by the Internal Audit department of L&T Financial Services Group.

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

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 have been followed along with proper explanation relating to material departures, if any;
- 2) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for that period;
- 3) the directors have 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 have prepared the annual accounts on a going concern basis;

- 5) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

In line with the requirements of the Act, applicable RBI Regulations and pursuant to the recommendations of the Audit Committee, the Board has approved the Policy on Related Party Transactions ("RPT Policy"), for the Company. 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 are required to be referred to the Audit Committee of the Company for approval, 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. The Audit Committee shall at the end of each year appraise the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPT's which are not at arm's length and / or which are not in the ordinary course of business

are required to be presented to the Board for an appropriate decision.

All related party transactions that were entered into during the financial year 2015-16 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.

The Directors draw attention of the members to "Related Party Disclosures" in financial statement which sets out related parties details.

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 meetings 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.

However, the Company has received a prosecution notice from Chief Judicial Magistrate, Kolkata, in relation to the alleged contravention of the provisions of Section 220(1) of the Companies Act, 1956, with respect to financial statement of the financial year 2011-12. The matter is currently pending with the Court.

RBI GUIDELINES

The Company has complied with all the applicable regulations of RBI as on March 31, 2016.

OTHER DISCLOSURES

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

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

LOAN TO PURCHASE SHARES

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

Dinanath Dubhashi
Director
DIN 03545900

Prabhakar B
Director
DIN 02101808

Place : Mumbai
Date : April 29, 2016

'ANNEXURE A' to Directors Report

Corporate Governance Report

BOARD OF DIRECTORS

The Board of Directors ("the Board") 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, (as on the date of the report), the Board comprises five Non-Executive Directors including 2 Independent Director viz. Mr. Mannil Venugopalan, Mr. Prabhakar B., Dr. (Mrs.) Rajani R. Gupte, Mr. Dinanath Dubhashi and Mr. Kailash Kulkarni.

During the year Mr. G. Krishnamurthy, had stepped down as a Director of the Company. Further, Mr. Kailash Kulkarni was appointed on the Board of the Company with effect from April 29, 2016.

Mr. Mannil Venugopalan and Dr. (Mrs.) Rajani R. Gupte are Independent Directors on the Board.

During the period under review, six meetings of the Board of Directors were held on April 16, 2015; July 22, 2015; September 22, 2015; October 23, 2015; December 28, 2015 and January 21, 2016.

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

The Details of various Committees of the Company, as on the date of the report, are as under:

1) Audit Committee:

The Audit Committee has been reconstituted pursuant to the provisions of Section 177 of the Companies Act, 2013, as well as the RBI directions for NBFCs. During the year under review, the Committee met seven times. Currently, the

Committee comprises three Directors as per details given below:

- Mr. Mannil Venugopalan – Chairman
- Dr. (Mrs.) Rajani R. Gupte
- 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.

Terms of reference of the Committee are as follows:

- i. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. Examination of the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and related matters;
- ix. 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) **Nomination and Remuneration Committee:**

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the year under review, the Committee met three times.

The Committee currently comprises the following three directors:

- Mr. Mannil Venugopalan
- Mr. Dinanath Dubhashi
- Dr. (Mrs.) Rajani R. Gupte

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 and 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.

3) Corporate Social Responsibility Committee

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee. During the year, the Committee was re-constituted. During the year under review, the Committee met two times. The Committee currently comprises the following three directors:

- Mr. Mannil. Venugopalan
- Mr. Kailash Kulkarni
- 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.

4) Committee of Directors ("COD"):

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

- Mr. Kailash Kulkarni
- Mr. Dinanath Dubhashi

Role of the Committee

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

5) Asset-Liability Management Committee (ALCO):

During the year, the Committee was re-constituted. Currently, the Committee comprises of nine members as per details given below.

- Mr. Dinanath Dubhashi
- Mr. G. Krishnamurthy
- Mr. R. Govindan
- Mr. Soumendra Lahiri
- Mr. G. K. Shettigar
- Mr. Sachinn Joshi
- Dr. (Mrs.) Rupa Rege Nitsure
- Mr. N. Suryanarayanan
- Mr. Deepak Punjabi

All of them are holding senior executive positions in the Company, group companies and the ultimate parent company.

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.

6) Management Committee (“MC”):

During the year, the Committee was re-constituted. The Committee currently comprises of Mr. Dinanath Dubhashi and Mr. Muralidharan Rajamani.

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/ undertakings 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 2015-16, the Committee had no meeting.

7) Credit Committee:

The Credit Committee was re-constituted during the year. The Credit Committee of the Company is broad-based, consisting Mr. G. Krishnamurthy, Mr. Dinanath Dubhashi, Mr. Raju Dodti, Mr. Deepak Punjabi and senior executives from the Company, 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.

8) Risk Management Committee:

During the year, the Risk Management Committee was re-constituted. The Committee currently comprises of four members as per details given below:

- Mr. Dinanath Dubhashi
- Mr. Deepak Punjabi
- Mr. Prabhakar B
- Mr. Mannil Venugopalan

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.

9) Investment Committee

The Investment Committee currently comprises of four members as per details given below:

- Mr. Dinanath Dubhashi
- Mr. G. K. Shettigar
- Mr. Deepak Punjabi
- Dr. 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.

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 April 29, 2016, pursuant to the provisions of the Act.

REMUNERATION TO DIRECTORS

The Directors on the Board, who are/ were in the services of the parent company or other fellow subsidiary companies, drew remuneration from their respective companies. 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.

REMUNERATION TABLE

The details of remuneration paid to Directors for the year ended March 31, 2016 are as follows:

Name of the Director	Sitting Fees for Board Meetings attended	Sitting Fees for Committee Meetings attended	Commission (up to) @	Total
Mr. Mannil Venugopalan	100,000	240,000	8,65,000	12,05,000
Dr. (Mrs.) Rajani R. Gupte	100,000	100,000	9,65,000	11,65,000
Mr. Prabhakar B.	120,000	100,000	11,95,000	14,15,000

@ To be decided by the Board based on the recommendations by the Nomination and Remuneration Committee.

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, 2016:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of the Companies Act, 2013, 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 Company submit "Half Yearly Communication" to Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Reports is displayed on the website of the Company <http://www.familycreditindia.com>.

Internal Auditors

The Company has an internal audit department which provides services to the Company.

Place: Mumbai

Date: April 29, 2016

'ANNEXURE B'

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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

We 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 us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on our verification of 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 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 there under 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
 - h) 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;

- i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- j) 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, Non-Banking Financial Companies (Reserve Bank of India) Directives and other applicable Laws, Rules, Guidelines and Notifications.

We have also examined compliance with-

- (i) The Secretarial Standards issued by the Institute of Company Secretaries of India have been followed; and
- (ii) The Listing obligations and 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 and Standards Mentioned above.

We further report that –

- (a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors;
- (b) 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;
- (c) 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; and
- (d) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period no material events or actions have taken place that have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards, except the following events which have been carried out in accordance with the applicable law, rules and regulations:

- (i) The Company appointed M/s Sharp and Tannan, Chartered Accountants as Auditors of the Company in place of the existing Auditors viz., M/s S R Batliboi & Co LLP who resigned due to their conflicting engagement with the parent of the Company;
- (ii) The Company issued 3,860 Non-Convertible Redeemable Debentures aggregating to Rs. Rs 740 Crores ; and
- (iii) The Shareholders approved a maximum borrowing of Rs. 8,000 crores by the Board of Directors of the Company.

ALWYN JAY & CO.,

Company Secretaries

Sd/-

Ronald D'Mello

Partner

Certificate of practice no. 14353

Place: Mumbai.

Date: 25 April, 2016

Annexure "D" to Board's Report

PARTICULARS OF EMPLOYEES

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

Rule. No.	Particulars					
5(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.				
5(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 – NA*. Manager – 18% Company Secretary – NA* *Deputed from group company and handles group level responsibilities and hence not measurable for this position.				
5(iii)	The percentage increase in the median remuneration of employees in the financial year.	8.7 %				
5(iv)	The number of permanent employees on the rolls of company.	2,213 employees				
5(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 industry standard.				
5(vi) and (ix)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.	As mentioned below				
5(viii)	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.	<table border="1"> <tr> <td>Employees other than managerial personnel</td> <td>Managerial personnel</td> </tr> <tr> <td>8.5%</td> <td>18%</td> </tr> </table>	Employees other than managerial personnel	Managerial personnel	8.5%	18%
Employees other than managerial personnel	Managerial personnel					
8.5%	18%					
	Justification : In view of the responsibilities entrusted upon the Managerial Personnel and after taking into consideration, the overall compensation structure followed by peer companies for persons holding managerial positions, the Management feels that the percentile increase in remuneration of Managerial Personnel is justified.					
5(x)	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				
5(xi)	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 determining the ratio of remuneration and percentage increase in remuneration to directors as stipulated in Sr. No. 1 and 2, only remuneration of Executive Directors are considered.

Comparison of the remuneration of the Key Managerial Personnel against the performance of the company.

Name	Designation	PAT	Increase/Decrease in PAT (in %)	% increase in remuneration
Mr. Vamsidhar Chevendra	Manager	87.39 Crore	20%	18%
Ms. Amit Bhandari	Company Secretary			NA - \$
Mr. Saurabh Zawar	Head Accounts			NA - \$

\$ The Company Secretary and Head-Accounts of the Company belong to group functions and hence their particulars are not relevant.

Annexure E

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the 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, Senior Manager Samhita Warehousing Complex, Bldg, No. 13 AB, Gala No. 52-56, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Mumbai400072 - Maharashtra, India (022) 61915419/408/416/402 (022) 61915444 sharepro@shareproservices.com</p> <p>For : Equity Shares: Link Intime India Pvt Ltd Mr SanjogSud 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, VidyanagariMarg, CST Road, Kalina, Santacruz (East), Mumbai – 400098.	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	Physi-cal	Total	% of Total Shares	Demat	Physi-cal	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	154,309,603	50000000	204,309,603	100	154309603	50000000	204309603	100	----	----
d) Bank/FI	----	----	----	----	----	----	----	----	----	----
e) Any other	----	----	----	----	----	----	----	----	----	----
SUB TOTAL:(A) (1)	154309610	50000000	204309610	100	154309610	50000000	204309610	100	----	----
(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										
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)	204309610	----	204309610	100	204309610	----	204309610	100	----	----

* Seven shareholders are holding shares jointly with L&T Finance Holdings Limited

(ii) SHARE HOLDING OF PROMOTERS

S.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	*204309610	100	-----	*204309610	100.00	-----	100.00
	Total	204309610	100.00	-----	204309610	100.00	-----	100.00

*Seven shareholders are holding shares jointly with 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
1	At the beginning of the year	20,43,09,610	100	20,43,09,610	100
2	Date wise Increase / Decrease in Promoters	Nil	Nil	Nil	Nil
	Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3	At the end of the year	20,43,09,610	100	20,43,09,610	100

There is no change in the Promoter holdings during the FY 2015-16.

(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
1	At the beginning of the year	-	-	-	-
2	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)	-	-	-	-
3	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

7 equity shares are held by 7 share holders as joint holders with L&T Finance Holdings Limited.

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:	1	0.1	1	1
1	Mr. Dinanath Dubhashi (Director) @				
2	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:				
3	Mr. Dinanath Dubhashi: (Director) @	1	0.1	1	1

@ Share is held as joint shareholding with L&T Finance Holdings Limited (Holding Company).

V. INDEBTEDNESS

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1,358.16	1,722.08*	-	3,080.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	49.27	3.43	-	52.70
Total (i+ii+iii)	1,407.43	1,725.51	-	3,132.94
Change in Indebtedness during the financial year				
Additions	3,340.41	25,430.50	-	28,770.91
Reduction	2,601.28	24,757.26	-	27,358.54
Net Change	739.13	673.24	-	1412.37
Indebtedness at the end of the financial year				
i) Principal Amount	2097.29	2395.32*	-	4,492.61
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	111.73	5.60	-	117.32
Total (i+ii+iii)	2209.02	2,400.92	-	4,609.93

*CP has been considered net of unamortised discount

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Name of the MD/WTD/ Manager	Total Amount (₹)
		Mr. Vamsidhar Chevendra – Manager	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	6,888,034	6,888,034
	(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) - Contribution to Provident	-	-
5	Others, please specify – Performance Bonus	-	-
	Total (A)	6,888,034	6,888,034
	Ceiling as per the Act (₹ In Lakhs) (5% of the PBT)	673.54	673.54

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	340,000 220,000 200,000
	(b) Commission	Mr. Mannil Venugopalan Mr. Prabhakar B. Mrs. Rajani R. Gupte	8,65,000 11,65,000 9.65,000
	(c) Others, please specify	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)	-----	
	Total Managerial Remuneration (A+B)		29,95,000
	Overall Ceiling as per the Act. (6%)		8,08,25,000

@ During the year, Mr. Prabhakar B. resigned as an Independent Director on account of him taking up the advisory role in the group. He was appointed as Non-Executive Director of the Company with effect from October 23, 2015.

Mr. Narayanaswami Sivaraman resigned from the Board of the Company with effect from April 12, 2016.

* Mr. Gopalakrishnan Krishnamurthy resigned from the Board of the Company with effect from September 23, 2015.

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	NA	Amit Bhandari	Saurabh Zawar	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	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				
	Nil				
2	Stock Option	Nil			
	Nil	Nil			
3	Sweat Equity	Nil	Nil	Nil	
4	Commission	Nil	Nil	Nil	
	as % of profit	Nil	Nil	Nil	
	others, specify	Nil	Nil	Nil	
5	Others, please specify	Nil	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.

@ Mr. Srimanta Sarkar resigned as CFO and Mr. Saurabh Zawar was appointed as CFO and designated as Key Managerial Person (KMP) with effect from October 23, 2015.

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

The Company has applied for Compounding of offences with Company Law Board, West Bengal with respect to Offence u/s 220 and Section 372A (9) of the Companies Act, 1956.

Annexure F

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 (“the Act”) 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 :**

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 ₹ 83.09Crore.**

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

Particulars	₹
Prescribed CSR Expenditure	1,66,18,000.00
Amount spent as CSR	1,66,18,000.00
Amount unspent	---

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

CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Program Coverage	Amount Outlay (budget) project or Programwise	Amount Spent on the Projects or Programs. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency
Rural Development Project for Tamilnadu flood relief and rehabilitation	x) Rural development	State: Tamilnadu District: Cuddalore	11,60,722.00	11,60,722.00	11,60,722.00	Indirect**
Contribution to Nepal Earthquack Relief Fund	viii) Contribution to the Prime Minister's National Relief Fund	Nepal	7,82,372.00	7,82,372.00	7,82,372.00	Direct*
Rural Development Project through preventive and curative healthcare and training for livestock and enhancing livelihoods	ii) Livelihoods enhancement project x) Rural Development project	State: Odisha District- Cuttuck, Jajpur&Bhadrak	93,75,378.00	93,75,378.00	93,75,378.00	Indirect**

CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Program Coverage	Amount Outlay (budget) project or Programwise	Amount Spent on the Projects or Programs. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency
Quality education through remedial classes and scholarships in rural government schools	II) Promoting Education	State -Tamilnadu District: Dharmapuri& Salem	48,00,000.00	48,00,000.00	48,00,000.00	Indirect**
Project impact assessment	Project Impact assessment	State -West Bengal District: Kolkata	4,99,528.00	4,99,528.00	4,99,528.00	Indirect**
Total CSR Spend in FY 15-16 (in INR.)			1,66,18,000.00	1,66,18,000.00	1,66,18,000.00	

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 the CSR objectives and Policy of the Company.

For Family Credit Limited

Prabhakar B.
DIN02101808
Non-Executive Director
& Member of the CSR Committee

Dinanath Dubhashi
DIN 03545900
Non-Executive 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 and Used
- Corporate Products
- Micro Finance

Management aims to achieve a healthy return on equity (ROE) on a sustainable basis and deliver attractive returns to all stakeholders. It is a conscious management decision 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.

The retail business is seasonal in nature, hence poses the maximum risk to our business. The impact of irregular monsoons has been incorporated while planning and budgeting. Other political and economic factors like state elections, parliamentary bills, expectation of rate cuts are other factors, we have minimal control over. However, opportunities have been observed in this environment as well. We have planned market share growth keeping all these indices in mind, credit cost control have been monitored with dealer engagement and operating in the selective safer segment has been the mantra for the Company.

Two Wheeler

In two-wheeler loans, while the industry volume increased by 3% during the financial year 2015 - 2016, the Company grew by 14%, 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.

Financial Services (LTFS) market share in said business was around 9%. Focus continued on reducing operational costs and credit costs through critical project initiatives, viz. mobile based rule engine for two wheelers. The two wheeler book size increased by 24% during the financial year 2015-16 as compared to the financial year 2014-15.

Auto loans – New and Used

During the year under review, the Company's New Auto Loan business de-grew by 74%, from ₹ 401 Crs during the financial year 2014-15 to ₹ 105 Crs during the financial year 2015-16, due to strategy of the Company to de-emphasize the growth in new Auto Loans. Further, during the financial year 2015 - 16, the Used Auto Loan business of the Company grew by 63%.

Micro Finance

During the year, the Company purchased a Pool of Micro Finance Assets through assignment from one of the Group Companies.

Major initiatives during the year:

During the financial year 2015 - 16, your company had undertaken several initiatives with an objective to enhance customer reach and centricity, multi channel reach, build scalability, manage risks effectively, attain process excellence and 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 has rationalized the number of processing centres. At the same time the Company has outsourced non-core activities like loan data entry. This has resulted in increase in efficiency through the year.
- Unified data warehouse has been implemented.

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 Group, 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. There are 2,213 permanent employees on the rolls of the Company.

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

Considering the uncertain economic environment, the Company would remain focused on high yielding products with intent to improve ROE. The company has identified some core products for the year ahead, namely two wheelers, Micro Finance and Corporate Products. Other non-core products will be structurally rundown.

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 standalone financial statements of **Family Credit Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its 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, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act and on the basis of such checks of the books of account and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

our knowledge and belief and according to the information and explanations given to us:

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

SHARP & TANNAN

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

A.B.Chopra

Partner
Membership No. 038159

Place: Mumbai
Date: 28 April, 2016

Annexure 'A' To The Independent Auditor's Report

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management once during the year, which in our opinion is reasonable. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations give to us, there are no immovable properties held by the Company, accordingly the provisions of Paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company does not carry any inventories, accordingly, the provisions of Paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations give to us, the Company has not any granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of Paragraphs 3iii(a), 3iii(b) and 3iii(c) of the Order are not applicable to the Company.
- (iv) According to the information & explanations given to us, the provisions of Section 185 and Section 186 of the Companies Act, 2013 in respect of loans, guarantees and securities are not applicable to the Company. However, the provisions of Section 186(1) with respect to investments are applicable to the Company and we are informed that the same have been complied with, by the Company.
- (v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.
- (vi) As informed to us, the Central Government has not specified maintenance of cost records under subsection (1) of Section 148 of the Companies Act, 2013, for the products/services of the Company. Accordingly, the provisions of Paragraph 3(vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at 31st March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, service tax, duty of customs, duty of excise as at 31st March, 2016 which have not been deposited on account of any dispute. The particulars of dues of sales tax including value added tax, which have not been deposited as at 31st March, 2016 on account of a dispute, are as follows :-

Name of the Statute	Nature of the disputed dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
West Bengal Value added tax	VAT Liability	65,09,974	Financial Year 2005-06 to 2014-15	Supreme Court
Orissa Value added Tax	VAT Liability	8,77,435	Financial Year 2005-06 to 2014-15	Deputy commissioner of sales tax

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to Financial Institutions, Banks and dues to Debenture holders. The Company has not taken any loans or borrowing from Government.

(ix) According to the information and explanations given to us, the Company has not raised monies by way

of initial public offer or further public offer (including debt instruments). The Company has raised monies by way of term loans and we are informed the same were applied for the purposes for which the loans were raised, further idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, four instances of cash misappropriation by employees were reported aggregating to ₹ 618793/-. Further during the course of our examination, we have not come across any fraud by the Company nor has any such case been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid/provided in accordance with the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of Paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, the provisions of Paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

SHARP & TANNAN

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

A.B.Chopra

Partner

Membership No. 038159

Place: Mumbai
Date: 28 April, 2016

Annexure 'B' To The Independent Auditor's Report

(Referred to in paragraph 2(f) of our report of even date)

We have audited the internal financial controls over financial reporting of ABC Limited (the 'Company') as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit

opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

SHARP & TANNAN

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

MILIND P. PHADKE

Partner
Membership No. 033013
Mumbai

Balance Sheet as at March 31, 2016

(Amt in ₹ Lakh)

Particulars	Notes	As at 31-Mar-16	As at 31-Mar-15
Equity and liabilities			
Shareholders' funds			
Share capital	3	20,430.96	20,430.96
Reserves and surplus	4	42,765.93	34,122.29
		63,196.89	54,553.25
Non-current liabilities			
Long-term borrowings	5	280,398.88	145,970.34
Other long-term liabilities	6	2,280.13	2,638.31
Long-term provisions	7	1,200.40	916.17
		283,879.41	149,524.82
Current liabilities			
Short-term borrowings	8	114,291.66	118,207.97
Current maturities of long-term borrowings	5	54,570.33	43,845.49
Other current liabilities	9	19,827.55	9,995.19
Short-term provisions	7	4,586.67	3,397.03
		193,276.21	175,445.68
TOTAL		540,352.51	379,523.75
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	295.21	257.75
Intangible assets	11	95.44	141.24
Intangible assets under development		41.50	7.03
Non-current investments	12	4,190.00	2,300.00
Other long-term loans and advances	13	332.43	326.93
Long-term loans and advances towards financing activities	13	277,479.25	182,158.47
Other non-current assets	15	2,233.60	865.46
		284,667.43	186,056.88
Current assets			
Current investments	12	171.05	15,314.52
Deferred tax assets (net)	14	5,169.16	4,319.21
Cash and bank balances	16	9,053.51	2,468.78
Other short-term loans and advances	13	4,468.49	1,858.00
Current maturities of long-term loans towards financing activities	13	227,907.24	163,682.03
Other current assets	15	8,915.63	5,824.33
		255,685.08	193,466.87
TOTAL		540,352.51	379,523.75
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

SHARP & TANNAN

Chartered Accountants

ICAI's Firm Registration No.: 109982W

by the hand of

A. B. Chopra

Partner

Membership No. 038159

Date: April 29, 2016

Mumbai

Dinanath Dubhashi

Director

DIN:03545900

Sonika Kapoor

Head - Account

Prabhakar B.

Director

DIN:02101808

Amit Bhandari

Company Secretary

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

Particulars	Notes	(Amt in ₹ Lakh)	
		As at 31-Mar-16	As at 31-Mar-15
Income			
Revenue from operations	17	77,621.78	63,536.17
Other income	18	200.06	387.11
Total revenue (I)		77,821.84	63,923.28
Expenses			
Employee benefit expenses	19	5,325.85	2,925.58
Finance costs	20	30,599.31	26,787.41
Other expenses	21	16,356.54	16,967.38
Depreciation and amortization expense	22	266.78	246.15
Provisions and write-offs	23	11,841.79	6,807.94
Total expenses (II)		64,390.27	53,734.46
Profit before tax (III)=(I)-(II)		13,431.57	10,188.82
Tax expense			
Current tax		5,542.01	4,522.00
Deferred tax		(849.95)	(1,619.21)
Total tax expense (IV)		4,692.06	2,902.79
Profit for the year (III)-(IV)		8,739.51	7,286.03
Earnings per equity share	24		
Nominal value per equity share (₹)		10.00	10.00
Basic & Diluted (Not Annualised)		4.28	3.57
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

SHARP & TANNAN

Chartered Accountants

ICAI's Firm Registration No.: 109982W

by the hand of

A. B. Chopra

Partner

Membership No. 038159

Date: April 29, 2016

Mumbai

Dinanath Dubhashi

Director

DIN:03545900

Sonika Kapoor

Head - Account

Prabhakar B.

Director

DIN:02101808

Amit Bhandari

Company Secretary

Cash Flow Statement for the year ended March 31, 2016

(Amt in ₹ Lakh)

Particulars	Notes	For the period ended 31-Mar-16	For the year ended 31-Mar-15
A. Cash Flows From Operating Activities :			
Net Profit before taxation		13,431.57	10,188.82
Adjustments for :			
Depreciation and amortization		266.78	246.15
Profit on sale of fixed assets (net)		(2.29)	(19.06)
Foreign exchange (gain) / loss (net)		0.01	-
Provision for loans		2,597.90	1,649.56
Sacrifice Loss on Restructured assets		87.00	
Bad debts written off		9,018.15	5143.18
Discounting on commercial papers		12,658.91	
Interest on fixed deposits		(0.42)	(0.54)
Income from mutual fund		(57.99)	(180.52)
Interest on inter corporate deposit		(29.65)	(69.08)
Provision for diminution in value of investment in equity (quoted)		138.74	15.20
Provision for interest on payment of income tax		0.00	113.14
Unrealised gain on mutual fund (dividend)		-	(4.72)
Liabilities no longer required written back		-	(7.92)
Operating profit /(loss) before Working Capital changes		38,108.71	17074.21
Movements in Working Capital:			
Decrease/(increase) in long term loans and advances		(108,483.07)	(36,786.62)
Decrease/(increase) in short term loans and advances		(66,835.70)	(21,905.03)
Decrease/(increase) in other current assets		(3,091.34)	(1,670.13)
Decrease/(increase) in other non-current assets		(1,368.14)	(743.46)
Increase/(decrease) in other current liabilities		9,668.51	4,485.26
Increase/(decrease) in other long term liabilities		(69.75)	2442.31
Cash generated from / (used in) operations		(132,070.78)	(37,103.46)
Direct taxes paid (TDS movement in advance)		(2,745.01)	(1,894.06)
Net cash used in Operating Activities (A)		(134,815.79)	(38,997.52)
B. Cash Flows from Investing Activities :			
Purchase of fixed assets,including capital work in progress and capital advances		(282.59)	(264.21)
Proceeds from sale of fixed assets		2.91	19.85
Purchase of non-current investments (Equity)		(1,890.00)	-
Purchase of current investments		(120,250.00)	(529,069.82)
Proceeds from sale/maturity of current investments		135,307.99	532,425.34
Interest received		30.11	69.42
Decrease/(increase) in fixed deposits greater than three months		-0.4	8.52
Net cash from / (used in) Investing Activities (B)		12,918.02	3,189.10

Cash Flow Statement for the year ended March 31, 2016

Particulars	Notes	(Amt in ₹ Lakh)	
		For the period ended 31-Mar-16	For the year ended 31-Mar-15
C. Cash Flows from Financing Activities :			
Proceeds from issuance of share capital including securities premium		-	0.00
NCD issue expenses paid		(95.87)	(19.69)
Proceeds from short-term borrowings		1,742,756.28	785,569.00
Repayment of short-term borrowings		(1,759,331.77)	(718,311.00)
Proceeds from long-term borrowings		1,127,000.00	532,050.00
Repayment of long-term borrowings		(981,846.54)	(562,399.00)
Net cash from Financing Activities (C)		128,482.10	36,889.31
Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)		6,584.33	1,080.89
Cash and Cash Equivalents at the beginning of the year		2,464.30	1,383.41
Cash and Cash Equivalents at the end of the year		9,048.63	2,464.30
Components of Cash and Cash Equivalents at the year end			
Cash on Hand		1,797.64	1106.43
With Banks - on current account		7,250.99	1357.87
		9,048.63	2,464.30
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

SHARP & TANNAN

Chartered Accountants

ICAI's Firm Registration No.: 109982W

by the hand of

A. B. Chopra

Partner

Membership No. 038159

Date: April 29, 2016

Mumbai

Dinanath Dubhashi

Director

DIN:03545900

Sonika Kapoor

Head - Account

Prabhakar B.

Director

DIN:02101808

Amit Bhandari

Company Secretary

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

(Amount in Rupees Lakh unless otherwise stated)

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 asset's net selling price and value in use. In

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

(Amount in Rupees Lakh unless otherwise stated)

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 of an actuarial valuation on project unit

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

(Amount in Rupees Lakh unless otherwise stated)

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.

(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 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

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

(Amount in Rupees Lakh unless otherwise stated)

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

(Amt in ₹ Lakh)

	31-Mar-16	31-Mar-15
Authorized shares		
354,309,610 (March 31, 2015: 354,309,610) Equity Shares of ₹ 10 each	35,430.96	35,430.96
1,000,000 (March 31, 2015: 1,000,000) Cumulative Preference Shares of Rs 100 each	1,000.00	1,000.00
Issued, subscribed and fully paid-up shares		
204,309,610 (March 31, 2015: 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-16		31-Mar-15	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	20,43,09,610	20,430.96	20,43,09,610	20,430.96
Issued during the year- Fresh Issue				
Outstanding at the end of the year	20,43,09,610	20,430.96	20,43,09,610	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 period ended March 31, 2016

(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-16		31-Mar-15	
	No. of Shares	Amount	No. of Shares	Amount
L & T Finance Holdings Limited, the Holding Company and its Nominees 204,309,610 (March 31, 2015: 204,309,610) Equity Shares of ₹10 each fully paid.”	20,43,09,610	20,430.96	20,43,09,610	20,430.96

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

Equity shares of ₹10 each fully paid	31-Mar-16		31-Mar-15	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
L & T Finance Holdings Limited, the Holding Company	20,43,09,610	100%	20,43,09,610	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

(Amt in ₹ Lakh)

	31-Mar-16	31-Mar-15
Capital redemption reserve	320.00	320.00
Securities premium account		
Balance as per the last financial statements	45,805.82	45,825.51
Less: NCD issue expenses	(95.87)	(19.69)
Closing Balance	45,709.95	45,805.82
Statutory reserve		
Balance as per the last financial statements	5,124.20	3,666.99
Add: Amount transferred from surplus balance in the statement of profit and loss	1,747.90	1,457.21
Closing Balance	6,872.10	5,124.20
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(17,127.73)	(22,956.55)
Add: Profit for the year	8,739.51	7,286.03
“Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]”	(1,747.90)	(1,457.21)
Net surplus/ (deficit) in the statement of profit and loss	(10,136.12)	(17,127.73)
Total reserves and surplus	42,765.93	34,122.29

Notes to the Financial Statements for the period ended March 31, 2016

5. Long-term borrowings

(Amt in ₹ Lakh)

	Non-current portion		Current maturities	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Non Convertible Debentures (Refer Note 5.1)				
Secured	61,400.00	87,800.00	50,400.00	18,850.00
Unsecured	26,500.00	11,500.00	-	-
Term loans (Refer Note 5.1)				
Indian rupee loan from banks (secured)	82,498.88	837.00	4,170.33	21,662.16
Demand loans (Refer Note 5.1)				
Indian rupee loan from banks (secured)	-	3,333.34	-	3,333.33
Revolving credit (Refer Note 5.1)				
Revolving credit from bank (unsecured)	1,10,000.00	42,500.00	-	-
	2,80,398.88	1,45,970.34	54,570.33	43,845.49
The above amount includes				
Secured borrowings*	1,43,898.88	91,970.34	54,570.33	43,845.49
Unsecured borrowings	1,36,500.00	54,000.00	-	-
Net amount	2,80,398.88	1,45,970.34	54,570.33	43,845.49

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

5.1 Refer note 5 long-term borrowings
Terms of repayment of Term Loan borrowings as on March 31, 2016

(Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Half Yearly repayment schedule										
1-3 Yrs	9.01%-10%	-	-	-	-	-	-	-	-	-
Quarterly repayment schedule										
1-3 Yrs	10.01%-11%	6	4,170.33	6	20,950	12	61,549	-	-	86,669.21
		-	-	-	-	-	-	-	-	-
Above 3 years	-	-	-	-	-	-	-	-	-	-
		-	4,170.33	-	20,949.55	-	61,549	-	-	86,669.21

5.1 Refer note 5 long-term borrowings
Terms of repayment of Demand Loan borrowings as on March 31, 2016

(Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule										
1-3 Yrs	9.01%-10%	-	-	-	-	-	-	-	-	-
	10.01%-11%	-	-	-	-	-	-	-	-	-
Above 3 years	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements for the period ended March 31, 2016

5.1 Refer note 5 long-term borrowings

Terms of repayment of NCD (Secured) as on March 31, 2016

(Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount		
Bullet repayment schedule											
1-3 Yrs	8.01% - 9.00%	1	10,000.00	-	-	-	-	-	-	10,000.00	
	9.01% - 10.00%	4	39,500.00	-	-	-	-	-	-	39,500.00	
	10.01% - 11.00%	1	900.00	-	-	-	-	-	-	900	
		-	-	-	-	-	-	-	-	-	-
Above 3 years	8.01%-9.00%	-	-	-	-	-	-	-	4	39,000.00	39,000.00
	9.01% - 10.00%	-	-	-	-	-	-	-	3	22,400	22,400
			50,400.00							61,400.00	111,800.00

5.1 Refer note 5 long-term borrowings

Terms of repayment of NCD (Unsecured) as on March 31, 2016

(Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount		
Bullet repayment schedule											
1-3 Yrs		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
Above 3 years	10%-11%	-	-	-	-	-	-	-	3	26,500.00	26,500.00
		-	-	-	-	-	-	-	-	-	-
										26,500.00	26,500.00

5.1 Refer note 5 long-term borrowings
Terms of repayment of Unsecured Revolving Limit as on March 31, 2016 (Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
1-3 Yrs	10%-11%	-	-	-	110,000.00	-	-	-	-	110,000.00
		-	-	-	-	-	-	-	-	-
		-	-	-	110,000.00	-	-	-	-	-

5.1 Refer note 5 long-term borrowings
Terms of repayment of Term Loan borrowings as on March 31, 2015 (Amt 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	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount		
1-3 Yrs	9.01%-10%	1	833.33	-	-	-	-	-	-	833.33	
		-	-	-	-	-	-	-	-	-	-
1-3 Yrs	10%-11%	2	7,500.00	-	-	-	-	-	-	7,500.00	
		4	3,332.00	1	837.00	-	-	-	-	4,169.00	
		3	7,500.00	-	-	-	-	-	-	7,500.00	
		2	2,496.83	-	-	-	-	-	-	2,496.83	
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Above 3 years	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-
		-	21,662.16		837.00		-		-	22,499.16	

Notes to the Financial Statements for the period ended March 31, 2016

5.1 Refer note 5 long-term borrowings

Terms of repayment of Demand Loan borrowings as on March 31, 2015

(Amt in ₹ Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 3 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		
Bullet repayment schedule											
1-3 Yrs	10%-11%	4	3,333.33	5	3,333.34	-	-	-	-	6,666.67	
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	Above 3 years	-	-	-	-	-	-	-	-	-	-
			4	3,333.33	5	3,333.34	-	-	-	-	6,666.67

5.1 Refer note 5 long-term borrowings

Terms of repayment of NCD (Secured) as on March 31, 2015

(Amt in ₹ Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 3 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	
Bullet repayment schedule										
1-3 Yrs	8.01% - 9.00%	2	6,850.00	1	10,000.00	-	-	-	-	16,850.00
		-	-	-	-	-	-	-	-	-
	9.01% - 10.00%	1	10,000.00	6	64,500.00	1	2,400.00	-	-	76,900.00
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
Above 3 years	9.01% - 10.00%	-	-	-	-	1	10,000.00	-	-	10,000.00
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
		-	18,850.00	-	75,400.00	-	12,400.00	-	-	106,650.00

5.1 Refer note 5 long-term borrowings

Terms of repayment of NCD (Unsecured) as on March 31, 2015

(Amt in ₹ Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 3 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	
Bullet repayment schedule										
1-3 Yrs		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Above 3 years	10%-11%	-	-	-	-	-	-	3	11,500.00	11,500.00
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	3	11,500.00	11,500.00

5.1 Refer note 5 long-term borrowings

Terms of repayment of Unsecured Revolving Limit as on March 31, 2015

(Amt in ₹ Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 3 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	
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 period ended March 31, 2016

6. Other long-term liabilities

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Debt service reserve account	33.34	211.05
Interest accrued but not due on borrowings	2,246.79	2,427.26
	2,280.13	2,638.31

7. Provisions

	(Amt in ₹ Lakh)			
	Long-term		Short-term	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Provision for employee benefits				
Provision for gratuity (refer note 32)	56.66	-	-	24.24
Provision for leave benefits	231.77	-	28.31	167.91
	288.43	-	28.31	192.15
Other provisions				
Provision for taxation	-	-	3,760.61	2,063.94
Contingent provision against standard assets (refer note 2.1 e)	911.97	916.17	797.75	1,140.94
	911.97	916.17	4,558.36	3,204.88
	1,200.40	916.17	4,586.67	3,397.03

8. Short-term borrowings

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
A. Secured		
Cash credit from banks*	11,259.37	-
	(A) 11,259.37	-
B. Unsecured		
Commercial Papers	104,500.00	120,000.00
Less: Unamortised discount	(1,467.98)	(1,792.03)
	103,032.02	118,207.97
Inter-corporate borrowings		
From related parties	0.27	-
From others	-	-
Revolving credit from bank	-	-
	(B) 103,032.29	118,207.97
Total (A+B)	114,291.66	118,207.97

*Cash credit from banks are secured by exclusive charge on book debts and future receivables. The cash credit is repayable on demand.

9. Other current liabilities

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Trade payables (including acceptances) (refer note 33 for dues payable to micro and small enterprises)		
Expenses and other payable	4,000.51	2,560.05
Employee benefits payable	135.03	173.84
Other liabilities		
Interest accrued but not due on borrowings	9,485.50	2,842.98
Advance from customers	1,210.25	1,113.16
Bank balance (book overdraft)	4,622.12	3,050.42
Statutory dues payable	374.14	254.74
	19,827.55	9,995.19

10. Tangible assets for period ended March 31, 2016

(Amt in ₹ Lakh)

(i) Asset for own use	Gross Block (at cost)		Depreciation/ Amortisation		Net Block	
	As at April 01, 2015	Disposals during the year	As at April 01, 2015	Disposals during the year	As at March 31, 2016	As at March 31, 2015
Vehicles	10.13	-	10.13	-	10.13	0.00
Furniture and fixture	167.62	5.57	166.22	8.02	163.16	1.40
Computers	1,203.31	73.37	1,027.26	4.92	1,115.92	176.05
Office equipment	297.18	15.42	225.11	7.55	244.46	72.07
Sub-Total (i)	1,678.24	94.36	1,751.71	20.49	1,533.66	249.52
(ii) Leasehold assets	596.91	90.94	588.68	22.28	555.86	76.68
Sub-Total (ii)	596.91	90.94	588.68	22.28	555.86	8.23
Total [(i)+(ii)]	2,275.15	185.30	2,017.40	147.71	2,089.52	257.75

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

11. Intangible assets

(Amt in ₹ Lakh)

Computer software	Gross Block (at cost)		Depreciation/ Amortisation		Net Block	
	As at April 01, 2015	Disposals during the year	As at April 01, 2015	Disposals during the year	As at March 31, 2016	As at March 31, 2015
	1,307.47	73.27	1,166.23	119.07	1,285.30	141.24
Total	1,307.47	73.27	1,166.23	119.07	95.44	141.24

10.1 Tangible assets for period ended March 31, 2015

(Amt in ₹ Lakh)

	Gross Block (at cost)		Depreciation/ Amortisation			Net Block		
	As at April 01, 2014	Addition during the year	Disposal during the year	As at April 01, 2014	For the year	Disposal during the year	As at March 31, 2015	As at March 31, 2014
(i) Asset for own use								
Vehicles	10.13	0.00	0.00	10.13	-	-	10.13	-
Furniture and fixture	185.48	4.87	22.73	184.06	4.89	22.73	166.22	1.40
Computers	1,198.25	82.51	77.45	1,033.26	71.45	77.45	1,027.26	164.99
Office equipment	332.17	27.73	62.72	258.32	28.81	62.02	225.11	72.07
Sub-Total (i)	1,726.03	115.11	162.90	1,485.77	105.15	162.20	1,428.72	249.52
(ii) Leasehold assets								
	693.93	6.78	103.80	682.65	9.74	103.71	588.68	11.28
Sub-Total (ii)	693.93	6.78	103.80	682.65		103.71	588.68	11.28
Total [(i)+(ii)]	2,419.96	121.89	266.70	2,168.42	105.15	265.91	2,017.40	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]

(Amt in ₹ Lakh)

	Gross Block (at cost)		Depreciation/ Amortisation			Net Block		
	As at April 01, 2014	Addition during the year	Disposal during the year	As at April 01, 2014	For the year	Disposal during the year	As at March 31, 2015	As at March 31, 2014
Computer software	1,248.82	58.64	-	1,034.96	131.26	-	1,166.23	141.24
Total	1,248.82	58.64	-	1,034.96	131.26	-	1,166.23	213.86

Notes to the Financial Statements for the period ended March 31, 2016

12. Investments

(Amt in ₹ Lakh)

	Non-current		Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Non-trade investment (Unquoted)				
Investment in associates				
35,599,996 (March 31, 2015 - 22,999,996) shares of ₹10 each fully paid in L&T Infrastructure Debt Fund Ltd.	4,190.00	2,300.00	-	-
Investment in equity instruments (Quoted)				
475,146 (March 31, 2015 - 475,146) shares in Bhushan Steel Ltd. (at cost less provision for diminution in value of investment)	-	-	171.05	309.80
Investment in Mutual Funds (Unquoted)				
Investment in Mutual Fund	-	-	-	15,004.72
	4,190.00	2,300.00	171.05	15,314.52
Aggregate amount of quoted investments [Cost ₹325 lacs (March 31, 2015 - 325 lacs)]	-	-	171.05	309.80
Aggregate amount of unquoted investments	4,190.00	2,300.00	-	15,004.72

13. Loans and advances

(Amt in ₹ Lakh)

	Non-current		Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
I. Loans and advances towards financing activities				
A. Secured, Considered Good*				
Loans against hypothecated assets	1,03,933.22	1,22,208.33	1,49,597.52	1,40,479.06
Loans against shares	29,885.00	13,705.00	9,650.00	2,716.67
Term loans	38,255.41	7,342.69	21,854.29	3,202.49
Loan against property	24,518.39	15,569.18	2,913.35	2,677.89
Short term loans	-	-	0.10	1,565.94
Debentures	13,000.00	6,000.00	-	-
Gold Loan	-	-	61.72	-
	2,09,592.02	1,64,825.20	1,84,076.98	1,50,642.05
Considered Doubtful**				
Loans against hypothecated assets	20,778.59	10,189.63	-	-
Loans against shares	-	-	-	-
Term loans	5,449.13	-	-	-
Loan against property	111.25	123.14	-	-
Short term loans	-	-	-	-
Less: Provision for non performing assets (refer note 2.1 f)	(9,241.20)	(6,385.41)	-	-
Less: Provision for FITL	(163.92)	-	-	-
Less: Provision for Sacrifice Loss	(87.00)	-	-	-
(A)	2,26,438.87	1,68,752.56	1,84,076.98	1,50,642.05

Notes to the Financial Statements for the period ended March 31, 2016

(Amt in Rs Lakh)

	Non-current		Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
B. Unsecured, Considered Good*				
Loans against shares***	-	-	-	2,072.01
Term loans	24,683.10	11,233.78	1,457.84	26.22
Short term loans	-	-	-	5,000.00
Personal loans	3,784.33	2,171.91	6,700.95	5,941.75
Micro Finance	8,500.63	-	35,671.47	
Debentures	14,000.00			
	50,968.06	13,405.69	43,830.26	13,039.98
Considered Doubtful**				
Loans against shares				
Term loans				
Short term loans				
Personal loans	396.98	235.37	-	-
Less: Provision for non performing assets (refer note 2.1 f)	(324.66)	(235.15)	-	-
(B)	51,040.38	13,405.91	43,830.26	13,039.98
Sub-Total (A+B)	(C) 2,77,479.25	1,82,158.47	2,27,907.24	1,63,682.03
II. Other loans and advances				
D. Capital advances				
Unsecured, considered good	67.2	77.65	-	-
(D)	67.20	77.65	-	-
E. Security deposits				
Unsecured, considered good	265.23	244.57	-	-
(E)	265.23	244.57	-	-
F. Advances recoverable in cash or kind				
Unsecured, considered good	-	-	4,250.63	1,779.38
Unsecured, considered doubtful	32.55	32.55	-	-
	32.55	32.55	4,250.63	1,779.38
Provision for doubtful advances	(32.55)	(32.55)		
(F)	-	-	4,250.63	1,779.38
G. Other loans and advances				
Employee Advances (secured, considered good)	-	-	10.16	6.23
Prepaid expenses	-	4.71	207.70	72.39
(G)	-	4.71	217.86	78.62
Sub-Total (D+E+F+G)	(H) 332.43	326.93	4,468.49	1,858.00
Total (C+H)	2,77,811.68	1,82,485.40	2,32,375.73	1,65,540.03

* 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

Notes to the Financial Statements for the period ended March 31, 2016

14. Deferred tax asset (net)

(Amt in ₹ Lakh)

	31-Mar-16	31-Mar-15
Deferred tax asset		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	226.99	240.73
Provision for doubtful debts and advances	3,902.25	3,003.17
Provision for leave availment	109.62	65.65
Interest income on non performing loans recognised for tax purposes	813.51	813.51
Disallowance u/s 40(a)(ia) of the Income Tax Act, 1961	116.79	190.89
Provision for diminution in value of investment	0.00	5.26
Net Deferred tax asset	5,169.16	4,319.21
Net Deferred tax asset recognised	5,169.16	4,319.21

15. Other assets

(Amt in ₹ Lakh)

	Non Current		Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Interest accrued but not due on portfolio loans	-	-	7,477.18	4,272.06
Interest accrued and due on portfolio loans	-	-	1,437.93	1,551.64
Redemption premium accrued but not due on LAS & NCD	2,233.60	865.46	-	-
Interest accrued but not due on deposits placed with banks	-	-	0.16	0.20
Interest accrued but not due on trade advance	-	-	0.36	0.43
	2,233.60	865.46	8,915.63	5,824.33

16. Cash and bank balances

(Amt in ₹ Lakh)

	Non-current		Current	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Balances with banks:				
On current accounts	-	-	7,250.99	1,357.87
Cash on hand	-	-	1,797.64	1,106.43
	-	-	9,048.63	2,464.30
Other bank balances				
Deposits with original maturity of more than 3 months but less than 12 months	-	-	-	4.10
Deposits with original maturity of more than 12 months	-	-	4.43	-
Margin money deposits*	-	-	0.45	0.38
	-	-	4.88	4.48
	-	-	9,053.51	2,468.78

* Margin money deposit includes margin money against bank guarantee ₹ 0.04 [March 31, 2015 : ₹ 0.04]

Notes to the Financial Statements for the period ended March 31, 2016

17. Revenue from operations

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Interest income		
Interest income on portfolio loans	64,209.85	52,993.64
Other operating revenue		
Loan origination income (refer note 2.1 h)	8,127.31	6,995.99
Prepayment and other charges	4,418.88	3,096.78
Recovery against loans written off	536.87	121.07
Other operating fees collected	328.87	328.69
	77,621.78	63,536.17

18. Other income

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Interest on fixed deposits	0.42	0.54
Interest on inter corporate deposits	29.65	69.08
Income from mutual funds & investments	57.99	180.52
Profit on sale of assets	2.29	19.06
Liabilities no longer required written back	-	7.92
Miscellaneous income	109.71	109.99
	200.06	387.11

19. Employee benefit expenses

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Salaries and bonus	4,645.68	2,534.99
Leave benefits	121.03	63.07
Contribution to provident fund and others	298.50	119.77
Contribution to matching grant scheme	14.30	12.37
Gratuity expenses (refer note 32)	41.96	53.28
Staff welfare expenses	204.36	141.95
Employees stock option expenditures (refer note 35)	0.02	0.15
	5,325.85	2,925.58

20. Finance costs

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Interest		
On term loans from banks	2,100.76	7,837.63
On cash credit from banks	167.08	19.08
On inter-corporate deposits	460.32	160.26
On non convertible debentures	13,192.68	9,492.24
On payment of income tax	-	113.14
On demand loan	168.86	689.94
On revolving credit	1,652.60	811.21
Discounting on commercial papers	12,658.91	7,530.13
Loan processing fees	2.03	1.06
Brokerage and issue expense	196.07	132.72
	30,599.31	26,787.41

Notes to the Financial Statements for the period ended March 31, 2016

21. Other expenses

(Amt in Rs Lakh)

	31-Mar-16	31-Mar-15
Rent	761.36	754.36
Electricity charges	132.76	159.21
Communication expenses	169.84	214.04
Printing and stationery	270.07	213.01
Filling Fees	0.28	1.31
Rates and taxes	531.72	348.23
Bank charges	908.76	884.30
Legal and professional charges	495.76	379.55
Rating Expenses	27.05	21.24
Postage and telegram	232.74	215.67
Service charges of outsourced employees	290.31	1,972.01
Advertisement expenses	208.41	63.00
Seizure and parking charges	501.41	240.07
Brokerage and commission	3,425.05	3,535.18
Marketing incentives	203.49	610.47
Collection charges	5,098.77	4,470.11
Field investigation expenses	662.90	799.16
Travelling and conveyance	206.12	222.85
Portfolio management cost	66.32	85.07
Hire charges	2.62	4.88
Auditors' remuneration (refer details below)	22.22	25.27
Computer network charges	195.08	150.15
Repairs and maintenance		
Computer Software and Hardware	645.43	721.41
Others	207.13	156.67
Insurance premium	14.53	10.03
Corporate support charges paid to group companies	507.82	332.58
Directors sitting fees	7.60	2.80
Loan processing expenses	383.00	217.05
Foreign Exchange Loss (Net)	0.01	-
Miscellaneous expenses	27.02	43.67
CSR Expenses	150.96	114.03
	16,356.54	16,967.38
As auditor:		
Audit fees	6.00	9.75
Tax audit fees	1.80	1.50
Limited review	4.50	4.50
In other capacity:		
Other services including certification fees	2.32	5.80
Reimbursement of expenses	7.60	3.72
	22.22	25.27

Notes to the Financial Statements for the period ended March 31, 2016

22. Depreciation and amortization expenses

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Depreciation of tangible and intangible assets	266.78	246.15
	266.78	246.15

23. Provisions and write-offs

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Contingent provision against standard assets	(347.39)	1,047.77
Provision for non-performing assets	2,945.29	601.79
Portfolio loans and other balances written off	9,018.15	5,143.18
Provision for diminution in value of investment in equity (quoted)	138.74	15.20
Sacrifice Loss on Restructured assets	87.00	-
	11,841.79	6,807.94

24. Earnings per share (EPS)

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

	(Amt in ₹ Lakh)	
	31-Mar-16	31-Mar-15
Net profit for calculation of basic EPS	8,739.51	7,286.03
Net profit for calculation of diluted EPS	8,739.51	7,286.03
	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic/diluted EPS	20,43,09,610	20,43,09,610

25. Change in accounting estimates:

Provisioning and income recognition on loan portfolio:

- i. During the current year, the Company has started reversal of unrealised income at 120 days past due as against 150 days past due, in respect of retail loans. As a result, interest income recognized is lower by Rs 5.10 crores.
- ii. During the current year, the Company has realigned its provisioning policy for standard assets to 0.35% in respect of all loan portfolios. As a result, the provision for standard assets and charge to statement of profit and loss is lower by Rs 8.21 crores.
- iii. During the current year, the Company has revised its NPA provisioning policy. As a result of this the charge to Profit & Loss A/c statement is lower by 7.69 crores.

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.

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

(Amount in Rupees Lakh unless otherwise stated)

27. Related Party Transactions

- a) List and details of related parties (with whom transactions were carried out during current and previous year):

Holding Company	L&T Finance Holdings Limited ('LTFH')
	Larsen & Toubro Limited('L&T') - Ultimate Holding Company
Fellow Subsidiaries	L&T Access Distribution Services Ltd
	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
	Larsen & Toubro Infotech Limited
Key Management Personnel	Vamsidhar Chevendra – Manager

- b) Transaction with the related parties

S. No.	Nature of transactions	Current Year	Previous Year
1	Issue of redeemable non-convertible debentures		
	L&T Finance Holdings Limited	-	4,000
2	Inter corporate deposits borrowed		
	L&T Finance Holdings Limited	2,16,650	58,150
	L&T Finance Limited	27,700	58,395
	L&T Housing Finance Limited	-	10,700
3	Inter corporate deposits repaid		
	L&T Finance Holdings Limited	2,16,650	58,150
	L&T Finance Limited	27,700	58,395
	L&T Housing Finance Limited	-	10,700
4	Interest expense on inter corporate deposits		
	L&T Finance Holdings Limited	438	63
	L&T Finance Limited	22	87
	L&T Housing Finance Limited	-	10
5	Inter corporate deposits given		
	L&T Infrastructure Finance Company Limited	1,000	200
	L&T Finance Limited	3,700	23,900
	L&T Fincorp Limited	3,100	28,400
	L&T Housing Finance Limited	19,900	16,150
6	Inter corporate deposits received back		
	L&T Infrastructure Finance Company Limited	1,000	200
	L&T Finance Limited	3,700	23,900
	L&T Fincorp Limited	3,100	28,400
	L&T Housing Finance Limited	19,900	16,150
7	Interest received on inter corporate deposits		
	L&T Infrastructure Finance Company Limited	0.65	0.05
	L&T Finance Limited	3	18
	L&T Fincorp Limited	2	28
	L&T Housing Finance Limited	23	22

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

(Amount in Rupees Lakh unless otherwise stated)

S. No.	Nature of transactions	Current Year	Previous Year
8	Interest paid on NCD		
	L&T Finance Holdings Limited	378	972
9	Portfolio related transaction		
	Purchase of loan portfolio from L&T Finance	46,736	-
	Collection charges paid to L&T Finance	25	36
	Portfolio management cost paid to L&T Housing Finance	66	96
10	Investment		
	L&T Infrastructure debt fund	1,890	-
11	Corporate support charges paid		
	L&T Finance Limited	500	374
	L&T Finance Holdings Limited	6	
12	Branch sharing cost paid to		
	L&T Finance Limited	224	184
	L&T Housing Finance Limited	13	9
	L&T Vrindavan Properties Limited	16	14
13	Branch sharing cost recovered from		
	L&T Finance Limited	80	75
	L&T Housing Finance Limited	30	31
14	Managerial Remuneration		
	Vamsidhar Chevendra	72	1.70
15	Rent Deposit paid		
	L&T Vrindavan Properties Limited	-	2
16	Professional Fees Expense		
	Larsen & Toubro Limited	120	33
	Larsen & Toubro Infotech Limited	33	-
17	ESOP Cost		
	L&T Finance Holdings Limited	0.02	0.15
*Managerial Remuneration excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.			
c) Balance outstanding at the end of 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
3	Interest accrued but not due on non-convertible debentures		
	L&T Finance Holdings Limited	-	319
4	Investment		
	L&T Infrastructure debt fund	4,190	2,300
5	Rent Deposit		
	L&T Vrindavan Properties Limited	2	2

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

(Amount in Rupees Lakh unless otherwise stated)

S. No.	Nature of transactions	Current Year	Previous Year
6	Expenses payable		
	Larsen & Toubro Limited	38	19
	L&T Finance Holdings Limited	-	0.15
	L&T Investment Management Limited	0.10	0.10
	Larsen & Toubro Infotech Limited	5	-
	L&T Housing Finance Limited	38	-
	L&T Finance Limited	392	-
7	Expenses receivable		
	L&T Finance Limited	-	4
	L&T Housing Finance Limited	15	-
8	Portfolio		
	Collection amount receivable from L&T Finance	2681	655
9	Reimbursement of expenses (Payable)		
	Larsen & Toubro Limited	123	-
10	Other Receivables		
	L&T Access Distribution Services Ltd	0.07	-

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, 2016	March 31, 2015
Operating lease payments recognized during the year	508	570
Minimum Lease Obligations		
Not later than one year	406	458
Later than one year but not later than five years	1305	1265
Later than five years	200	-

29. (a) Contingent Liabilities not provided for

Description	March 31, 2016	March 31, 2015
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)	167.55	30.35
Total	167.81	30.61

(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.

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.

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

(Amount in Rupees Lakh unless otherwise stated)

30. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2016 is ₹ 115 (Previous Year ₹ 81).

31. Expenditure in foreign currency (Accrual basis)

Description	For the Year Ended March 31, 2015	For the Year Ended March 31, 2016
Software License fee	1	1
Professional fee	3	-
Total	4	1

32. Gratuity:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets on departure, a gratuity 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, 2016	March 31, 2015
Current service cost	30	20
Interest cost on benefit obligation	12	11
Expected return on plan assets	(7)	(9)
Net actuarial (gain) / loss recognised in the year	7	31
Amount not recognize as asset	-	-
Gratuity expense	42	53
Actual return on plan assets	7	8

Balance Sheet

Details of Provision for gratuity

Particulars	March 31, 2016	March 31, 2015
Defined benefit obligation	135	118
Fair value of plan assets	(78)	(94)
	(57)	(24)
Less: Amount not recognize as asset	-	-
Plan asset / (liability)	(57)	(24)

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

(Amount in Rupees Lakh unless otherwise stated)

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

Particulars	March 31, 2016	March 31, 2015
Opening defined benefit obligation	118	103
Interest cost	12	11
Current service cost	30	20
Benefits paid	(30)	(47)
Liabilities Assumed on Acquisition/(Settled on Divestiture)	(2)	1
Actuarial (gains) / losses on obligation	7	30
Closing defined benefit obligation	135	118

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

Particulars	March 31, 2016	March 31, 2015
Opening fair value of plan assets	94	128
Expected return	7	9
Contributions by employer	8	5
Benefits paid	(30)	(47)
Actuarial gains / (losses)	-	(1)
Closing fair value of plan assets	78	94

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

Particulars	March 31, 2016	March 31, 2015
Investments with insurer (%)	100	100

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

Particulars	March 31, 2016	March 31, 2015
Discount rate (%)	8.00	7.90
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, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	135	118	103	101	63
Plan assets	78	94	128	123	124
Surplus / (deficit)	(57)	(24)	25	22	61
Experience adjustments on plan liabilities	9	10	(6)	11	-
Experience adjustments on plan assets	-	(1)	2	1	-

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

(Amount in Rupees Lakh unless otherwise stated)

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 lakh 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 lakh as at March 31, 2016 out of which ₹ 8.23 lakh 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 ₹ 1.77 lacs. This sum is being recovered from the Company over the period of vesting. Accordingly, sum of ₹ 1.6 lacs has been recovered from the Company during the year 2013-14, ₹ 0.15 lacs during the year 2014-15 and ₹ 0.02 lacs during the year 2015-16 which has been charged to the Statement of Profit and Loss.

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	
	2015-16	2014-15
Brij Bhushan Singhal	-	1,022,500
Neeraj Singhal	-	1,999,854

37. Additional disclosure required by RBI/2014-15/299 DNBR (

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

(Amount in Rupees Lakh unless otherwise stated)

a) Capital to Risk-Asset Ratio (CRAR)

Sr. No.	Particulars	Current year	Previous year
(i)	CRAR (%)	16.36%	17.08%
(ii)	CRAR- Tier I Capital (%)	11.95%	13.44%
(iii)	CRAR- Tier II Capital (%)	4.41%	3.64%
(iv)	Amount of subordinated debt raised during the year as Tier-II capital	10,000	4,000
(v)	Amount raised during the year by issue of Perpetual Debt Instruments	5,000	-

b) Investments

Sr. No.	Particulars	Current year	Previous year
(1) Value of Investments			
(i)	Gross Value of Investments		
	(a) In India	4514.99	17,629.72
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	153.94	15.20
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	4361.05	17,614.52
	(b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.			
(i)	Opening balance	15.20	-
(ii)	Add : Provisions made during the year	138.74	15.20
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	153.94	15.20

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) Exposures

1) Exposures to Real Estate Sector

Sr. No.	Particulars	Current year	Previous year
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	6,544	8,698
(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	21,271	10,938

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

(Amount in Rupees Lakh unless otherwise stated)

Sr. Particulars No.	Current year	Previous year
(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		
(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;	-	-
(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;	39,540	18,701
(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	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	45,540	27,001
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.		

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

(Amount in Rupees Lakh unless otherwise stated)

5) The particulars of Unsecured Advances is given below:

Particulars	2015-16	2014-15
Personal Loans	55,054.36	8,349.03
Term Loans	26,140.94	16,260.00
Debentures	14,000.00	2,072.01
Total	95,195.30	26,681.04

e) 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	2014-15		2015-16		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)	
Bank Loans	CARE AA+	-	CARE AA+	-	
Subordinated Debt	CARE AA+	ICRA AA+ (Stable)	CARE AA+	ICRA AA+ (Stable)	
Perpetual Debt	-	-	CARE AA	ICRA AA (Stable)	

4) Remuneration to directors

Name	Amount	Nature
Mr. Mannil Venugopalan	3.40	Sitting Fees
	14.10	Commission
Mr. Banavar Anantharamaiah Prabhakara	2.20	Sitting Fees
	11.95	Commission
Mrs Rajani R Gupte	2.00	Sitting Fees
	10.85	Commission

f) Provisions and Contingencies

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

Particulars	Current year	Previous year
Provisions for depreciation on Investment	138.74	15.20
Provision towards NPA	2945.30	601.79
Provision made towards Income tax		
- Current Tax for the year.	5542.01	4522.00
- Deferred Tax for the year.	(849.95)	(1619.21)
Other Provision and Contingencies		
Provision for Standard Assets	(347.39)	1,047.77
Provision for leave benefits	121.03	63.07
Provision for Gratuity	41.96	53.28

2) Draw Down from Reserves : None

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

(Amount in Rupees Lakh unless otherwise stated)

g) Concentration of Deposits, Advances, Exposures and NPAs

1) Concentration of Advances

Particulars	As at March 31, 2016	As at March 31, 2015
Total Advances to twenty largest borrowers (Including Interest Due)	118,625	59,467
Percentage of Advances to twenty largest borrowers to Gross Total Advance of the Company	22.96%	16.80%

2) Concentration of Exposures

Particulars	As at March 31, 2016	As at March 31, 2015
Total Exposure to twenty largest borrowers (Including Interest Due)	118,625	59,776
Percentage of Total Exposure to twenty largest borrowers/customers to Total Exposure of the Company on borrowers / customers	22.96%	16.87%

3) Concentration of non performing assets

Particulars	As at March 31, 2016	As at March 31, 2015
Total Exposure to top four NPA accounts	5,449	82

4) Sector-wise non performing assets

Sl. No.	Sector	As at March 31, 2016		As at March 31, 2015	
		Amount	Percentage to Total Advances in that Sector	Amount	Percentage to Total Advances in that Sector
1	Agriculture & allied activities	-	-	-	-
2	MSME	-	-	-	-
3	Corporate borrowers	5,449.13	3.69%	-	-
4	Services	-	-	-	-
2	Unsecured personal loans	396.97	0.72%	235.37	2.82%
3	Auto loans	20,778.61	7.58%	10,189.47	3.73%
4	Other personal loans	111.25	1.72%	123.15	1.42%

5) Movement of NPAs

S. No.	Particulars	Current year	Previous year
(i)	Net NPAs to Net Advances (%)	3.36%	1.14%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	10,548.57	8,185.41
(b)	Additions during the year	23,824.85	7,499.20
(c)	Reductions during the year	7,637.48	5,136.04
(d)	Closing balance	26,735.94	10,548.57
(iii)	Movement of Net NPAs		
(a)	Opening balance	3,927.75	2,166.62
(b)	Additions during the year	15,327.61	2,800.05
(c)	Reductions during the year	2,336.20	1,038.92
(d)	Closing balance	16,919.16	3,927.75
(iv)	Movement of provisions for NPAs		
(a)	Opening balance	6,620.82	6,018.79
(b)	Provisions made during the year	8,497.24	4,699.15
(c)	Write-off / write-back of excess provisions	5,301.28	4,097.12
(d)	Closing balance	9,816.78	6,620.82

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

(Amount in Rupees Lakh unless otherwise stated)

h) Disclosure of Customer Complaints

S. No.	Particulars	No.
(a)	No. of complaints pending at the beginning of the year	3
(b)	No. of complaints received during the year	1788
(c)	No. of complaints redressed during the year	1791
(d)	No. of complaints pending at the end of the year	-

i) Disclosure on fraud

Type of fraud	Number of cases	Amount involved	Amount recovered	Provision/ Loss
Fraudulent misrepresentation	-	-	-	-
Cash mis-appropriation	7	24.84	6.48	15.45

Previous year

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

j) Maturity pattern of certain items of assets and liabilities

Particulars	Upto 1 mths	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	3,000	48,337	1,00,333	5,833	4,567	2,62,159	-	26,500	4,50,729
Assets									
Advances	21,312	18,697	21,218	67,443	1,06,969	2,07,424	58,078	3,974	5,05,115
Investments	-	-	-	-	171	-	-	4,190	4,361

Previous Year

Particulars	Upto 1 mths	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	1,34,470	-	11,500	3,09,816
Assets									
Advances	14,112	18,952	13,952	43,401	75,411	1,46,857	31,706	3,129	3,47,520
Investments	15,005	-	-	-	310	-	-	2,300	17,615

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.

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

(Amount in Rupees Lakh unless otherwise stated)

k) Details of accounts restructured during the year ended March 31, 2016.

Type of Restructuring Asset Classification			Others					Total				
			Standard	Sub - Standard	Doubtful	Loss	Total	Standard	Sub - Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2015	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of borrowers	-	1.00	-	-	1.00	-	1.00	-	-	1.00
		Amount outstanding 1	-	1,443.58	-	-	1,443.58	-	1,443.58	-	-	1,443.58
		Provision thereon 2	-	214.97	-	-	214.97	-	214.97	-	-	214.97
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2016	No. of borrowers	-	1.00	-	-	1.00	-	1.00	-	-	1.00
		Amount outstanding	-	1,443.58	-	-	1,443.58	-	1,443.58	-	-	1,443.58
		Provision thereon	-	214.97	-	-	214.97	-	214.97	-	-	214.97

Foot note:

1. Amount outstanding includes FITL.
2. Provision is comprising of NPA Provision and Sacrifice Loss Provision only.
3. There are no restructuring under Corporate Debt Restructuring Forum and SME Debt Restructuring Mechanism

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

Dinanath Dubhashi
Director

Prabhakar B.
Director

Sonika Kapoor
Head-Account

Amit Bhandari
Company Secretary