

## DIRECTORS' REPORT

**The Members,  
Religare Wealth Management Limited**

Your Directors have pleasure in presenting Eighth Annual Report on the business and operations of Religare Wealth Management Limited ("**Company**") along with the Audited Accounts for the financial year ended March 31, 2014.

### FINANCIAL RESULTS

The highlights of financial results of the Company for the Financial Years 2013-14 and 2012-13 are as under:

Particulars	Financial Year ended March 31, 2014 Amount ( Rs )	Financial Year ended March 31, 2013 Amount ( Rs )
<b>Total Income</b>	215,923,644	253,869,823
<b>Total Expenditure</b>	326,265,889	364,557,582
Profit/(Loss) Before Tax	<b>(110,342,245)</b>	<b>(110,687,759)</b>
Provision for Tax	-	-
Profit/(Loss) After Tax	<b>(110,342,245)</b>	<b>(110,687,759)</b>
<b>Balance as at the end of the year</b>	<b>(1,403,633,623)</b>	<b>(1,293,291,378)</b>

### PERFORMANCE OF THE COMPANY

During the year under operation, your company has reported a total income of Rs. 21.6 crore as compared to Rs. 25.4 crore in the previous year. The expenditures incurred during the year was Rs. 32.6 crore which is lower as compared to Rs. 36.5 crore incurred during the previous year.

The losses for the year stand at Rs.11.03 crore as compared to Rs. 11.07 crore in the previous year.

### BUSINESS APPROVALS

The Company has obtained the registration with Securities Exchange Board of India (SEBI) as an Investment Advisers vide license no. INA100000861 dated January 20, 2014 and which is valid upto January 19, 2019. This license authorizes the Company to provide comprehensive Investment Advisory services to its clients.

## OUR BUSINESS

Our wealth management business is operated by Religare Wealth Management Limited, which until recently was a joint venture with Macquarie Group of Australia. Following Macquarie Group's decision to exit the wealth management business across Asia, Religare acquired Macquarie Group's interest in the business, and with a view to benefitting from the synergies that the business has with the Retail Broking business, both REL's and Macquarie Group's ownership interests in RWML were transferred to RSL, thereby making RWML a wholly-owned subsidiary of RSL effective November 27, 2013.

RWML is an open-architecture, advisory-led wealth management platform: it seeks to keep clients' interest first by not exclusively distributing the products of a specific provider but identifying products that suit the client the best by assessing the client's needs on an ongoing basis. Right in its formative days, RWML created a new niche in the wealth management space – between the top-end and the mass market – and continues to focus on servicing this growing segment.

## OPERATIONAL PERFORMANCE

The business smoothly transitioned from being a joint venture to being fully integrated with the rest of Religare. The transition and rebranding of the business was managed closely resulting in all key clients continuing to maintain and grow their business levels with RWML. RWML is now able to better leverage the capabilities offered by companies across the group, notably institutional equity research, which has helped provide timely and meaningful inputs to clients.

Given the lacklustre capital market environment, business momentum was concentrated in the Fixed Income and Debt Mutual Fund space. Having consolidated its presence in five key geographies, RWML has been able to maintain momentum on both deepening relationships with existing clients and onboarding new relationships. The business continues to focus on hiring quality talent and has been successful in this endeavour in key geographies.

RWML was amongst the first few applicants for registration under the SEBI (Investment Advisers) Regulations, 2013 and was granted the Investment Adviser license by SEBI during the year. RWML was founded on the strong belief that clients' interests are best served by an advisory approach; the formalisation of the Investment Adviser status is a validation of RWML's core philosophy.

## DIVIDEND & TRANSFER TO RESERVES

In view of the losses and the future expansion plans of the Company, the Board of Directors decided not to recommend any Dividend for the financial year ended March 31, 2014. Further, no amount has been transferred to reserves during the year.

### **FIXED DEPOSITS**

Your Company has neither invited nor accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975 during the period under review.

### **CHANGES IN THE CAPITAL STRUCTURE**

The Joint Venture Agreement dated October 18, 2007 between Religare Enterprises Limited (“Religare”) and Macquarie Equities Limited (“Macquarie”) was terminated on November 25, 2013. Upon termination of the Agreement, Religare Securities Limited acquired 100% of the share capital from Religare and Macquarie and became the Holding Company of the Company.

Further during the financial year 2013-14, the authorized share capital of the Company was increased from Rs. 125 crore to Rs. 130 crore by addition of 50 lakh Preference Shares of Rs. 10/- each.

During the year 2,500,000 0.01% Non-Convertible Redeemable Cumulative Preference Shares of Rs. 10/- each were issued and allotted to Religare Securities Limited by way of a Rights Issue.

As on date, total paid up share capital of the Company stands at Rs. 128 Crores divided into 11 Crores Equity Shares of Rs. 10/- each and 1.8 Crores Preference Shares of Rs. 10/- each.

### **DIRECTORS**

#### **Appointment and Resignation**

With the termination of the JV agreement, Mr. Eric Schimpf resigned as Director and Chairman w.e.f November 26, 2013 and Mr. Basab Mitra, Managing Director was designated as the Chairman of the Board.

Further Mr. Peter James Maher and Mr. John Patrick O’Neil, Directors of the Company also resigned w.e.f November 26, 2013.

The Board of Directors places on record its appreciation for the valuable services and guidance provided by Mr. Eric Schimpf, Mr. Peter James Maher and Mr. John Patrick O’Neil during their tenure as Director of the Company.

Mr. Sunil Kumar Garg, Mr. Jayant Manglik and Mr. Bikram Singh Yadava were appointed as additional director’s w.e.f November 26, 2013 as Director liable to retire by rotation.

### **INTERNAL CONTROL SYSTEM**

The Company is following an effective internal control system commensurate with its size and operations. In addition to this, the work process is designed in such a way that process of internal checks is ensured at all levels.

### **AWARDS AND CERTIFICATIONS**

During the year under review, your Company was awarded with “Excellence in the Wealth Management” for India award by International Alternative Investment Review (IAIR), one of the fastest growing investment magazines worldwide, on February 22, 2013.

### **AUDITORS**

M/s. Price Waterhouse, Chartered Accountants, retires as the Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from the retiring auditors to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

### **AUDITORS REPORT**

The observations of the Auditors in their report read together with the Notes on Accounts are self-explanatory and therefore, in the opinion of the Directors, do not call for any further clarifications.

### **EMPLOYEES STOCK OPTION SCHEMES**

The Company continues with its ESOP Scheme titled “RWML Employee Stock Option Scheme -2010” (the “ESOS 2010”) introduced in the year 2010 however no grants of stock options were made to employees of the Company and cancelled 947,900 stock options from April 01, 2013 till March 31, 2014.

### **DIRECTOR’S RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors’ Responsibility Statement, it is hereby confirmed that:

- (1) in the preparation of the annual accounts for the period ended March 31, 2014, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (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, 2014, and of the loss of the Company for the said period;
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (4) the Directors have prepared the accounts for the period ended March 31, 2014 on a 'going concern' basis.

#### CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company is not engaged in manufacturing activities and therefore, the particulars as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy, Research and Development and Technology Absorption are not applicable.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange Earnings and Outgo of the Company during the year under review are as follows:

Earnings	:	Rs. 200,284/- (Previous Year Rs. 115,088/-)
Outgo	:	Rs. Nil /- (Previous Year Rs. 325,049/-)

#### PARTICULARS OF EMPLOYEES

Statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 (the Act) and Rules framed there under is given in Annexure forming part of this Report.

#### ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the Bankers, Regulatory Bodies, Investors, Customers and other Business Associates.

Your Directors also wish to place on record their deep sense of gratitude and appreciation for the commitment displayed by all executives, officers and staff at all levels of the Company and look forward to their continued support in the future.

By order of the Board of Directors  
 For Religare Wealth Management Limited

Place: New Delhi  
 Date: 25<sup>th</sup> July, 2014

  
 Basab Mitra  
 Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the FY 2013-14

A Statement showing particulars of employees who were in employment throughout the financial year and are in receipt of remuneration of not less than Rs. 60,00,000/- per annum in the aggregate.

Sl. No.	Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience (yrs)	Remuneration Gross (Rs.)
1	Sriram Iyer	Chief Business Officer	43	ABN Amro bank	Vice President - Regional Consumer Banking Head, South & East India	12-Apr-10	MBA	20	10378810
2	Sharadkumar Sunder Mendon	Business Head (West)	38	Royal bank of Scotland	Head - Van Gogh Preferred Banking	2-Jun-10	B.Com	17	7391684
3	Hardev Singh Saini	VP - Private Clients	33	Kotak Mahindra Bank	Relationship Manager	7-Jan-10	MBA	10.5	10409326

Statement showing particulars of employees who were in employment for part of the financial year and are in receipt of remuneration of not less than Rs. 5,00,000/- per month for the FY 2013-14

Sl. No.	Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience	Remuneration Gross (Rs.)
Nil									

For Religare Wealth Management Limited

Basab Mitra  
Managing Director



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