

# Abridged **Annual Report 2013-2014**

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## **Sponsor**

### **L&T Finance Holdings Limited**

Registered Office:  
L&T House, Ballard Estate, P.O. Box 278  
Mumbai 400 001

## **Trustee**

### **L&T Mutual Fund Trustee Limited**

Registered Office:  
L&T House, Ballard Estate, P.O.Box No. 278  
Mumbai 400 001

## **Asset Management Company**

### **L&T Investment Management Limited**

Registered Office:  
L&T House, Ballard Estate, P.O.Box No. 278  
Mumbai 400 001

Head Office:  
6th Floor, Mafatlal Centre  
Nariman Point, Mumbai 400 021

## **Auditors To The Fund**

### **Price Waterhouse**

252, Veer Savarkar Marg, Shivaji Park  
Dadar (West), Mumbai 400 028

## **Registrar And Transfer Agent**

### **Computer Age Management Services Private Limited**

Registered Office:  
New No. 10, Old No. 178, M. G. R. Salai  
Nungambakkam, Chennai 600 034

## **Custodian**

### **Citibank, N.A.**

11th Floor, First International Financial Centre (FIFC)  
C-54 & C-55, G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 051

## **Board Of Directors**

### **L&T Investment Management Limited**

Mr. R. Shankar Raman  
Mr. Ved Prakash Chaturvedi  
Mr. M.V. Nair  
Mr. P.H. Ravikumar

### **L&T Mutual Fund Trustee Limited**

Mr. Yeshwant M. Deosthalee  
Mr. V. Natarajan  
Mr. Hemant Y. Joshi  
Mr. Jairaj Purandare

## **L&T Tax Advantage Fund**

**call** 1800 2000 400/1800 4190 200

**www.**Intmf.com

**email** investor.line@Intmf.co.in



**L&T Mutual Fund**

## Trustees' Report

### Report from L&T Mutual Fund Trustee Limited to the unit holders of L&T Tax Advantage Fund ("the Scheme") of L&T Mutual Fund

We have pleasure in presenting the trustee report on the Scheme of L&T Mutual Fund ("LTMF") for the financial year ended March 31, 2014, along with the audited financial statement for the Scheme.

LTMF offers a wide range of Schemes across asset classes in cash, debt and equity, each adhering to distinct investment styles to suit different investment needs. As of March 31, 2014, LTMF had 61 Schemes which comprised 11 open - ended equity schemes, 13 open - ended debt schemes, 1 open-ended fund of funds scheme and 36 closed-ended schemes including various fixed maturity plans.

The open - ended equity schemes include L&T Midcap Fund, L&T Equity Fund, L&T Tax Saver Fund, L&T Tax Advantage Fund, L&T India Special Situations Fund, L&T Indo Asia Fund, L&T India Large Cap Fund, L&T Infrastructure Fund, L&T India Value Fund, L&T India Equity and Gold Fund and L&T India Prudence Fund.

An open-ended fund of funds scheme includes L&T Global Real Assets Fund.

The open - ended debt schemes include L&T Triple Ace Bond Fund, L&T Ultra Short Term Fund, L&T Gilt Fund, L&T Liquid Fund, L&T Monthly Income Plan\*, L&T Floating Rate Fund, L&T Flexi Bond Fund, L&T Cash Fund, L&T Low Duration Fund, L&T Income Opportunities Fund, L&T Short Term Income Fund, L&T MIP - Wealth Builder Fund\* and L&T Short Term Opportunities Fund.

\* Monthly Income is not assured and is subject to the availability of distributable surplus

The closed - ended schemes include L&T Long Term Advantage Fund – I under the equity category and various fixed maturity plans under the debt category.

### 1. Scheme Performance, Future Outlook and Operations of the Scheme

#### (i) Scheme Performance

The Assets Under Management ("AUM"), the net asset value ("NAV") per unit and the performance of the Scheme vis-à-vis its benchmark as on March 31, 2014 is as follows:

- AUM (Rs. in crores) : 1,212.38
- NAV (in Rs.) :

Growth - 26.772, Growth - Direct Plan - 26.954

Dividend - 18.506, Dividend - Direct Plan - 19.854

Scheme Name	Period			Date of Inception of the Scheme	Since Inception	
	28/Mar/2013 - 31/Mar/2014	30/Mar/2012 - 28/Mar/2013	31/Mar/2011 - 30/Mar/2012		CAGR Returns (%)	PTP Returns (in Rs.)
	<b>Absolute Return (%)</b>					
L&T Tax Advantage Fund - Growth	21.56	4.55	-6.22	27-Feb-06	12.94	26,772.00
Benchmark - S&P BSE 200	17.19	6.03	-9.28		9.47	20,805.01
Standard Benchmark - S&P BSE Sensex	18.85	8.23	-10.50		10.09	21,772.10
L&T Tax Advantage Fund - Direct - Growth	22.24	NA	NA	01-Jan-13		
Benchmark - S&P BSE 200	17.19	NA	NA			
Standard Benchmark - S&P BSE Sensex	18.85	NA	NA			

#### Notes:

1. Point to Point Returns in INR show the value of Rs. 10,000 invested since inception. "Since inception returns" have been calculated from the date of allotment of units for the Scheme, i.e. February 27, 2006, on the face value of units at the rate of Rs.10 per unit. Date of inception is deemed to be date of allotment.
2. The NAV of growth option of the Scheme has been considered for calculation of returns.
3. Past performance may or may not be sustained in the future.
4. NA: Not Applicable.

#### (ii) Future Outlook

##### Equity Market Outlook

The Indian economy is going through a period of trough and has been growing at sub 5%. Observing the breakup of the real GDP, it is seen that the industrial growth has slowed down considerably whereas services has held up steady and agriculture has bounced back in FY14. The Current Account Deficit which went above 6% in Dec 2012 has been reigned in now to below 2% and so have the rupee depreciation and consumer inflation. These factors are more benign now compared to mid FY14 when these were proving to destabilize the economic environment.

Going forward, few key factors may decide the fate of the economy viz. 1. New Government and its policies 2. The lagged impact of last year's policy measures of the incumbent Government. 3. The monsoon and its impact on agriculture growth in the wake of a threat of El-Niño 4. Rupee movement and its impact on exports 5. Consumer Inflation and the resultant RBI stance on interest rates. As is known, RBI has stated 6% CPI inflation target by Jan 2016 and has indicated inflation its topmost priority.

As far as the Indian stock markets are concerned, the rally in the recent months indicates that the market is expecting a positive election verdict. The BSE Sensex is trading at about 15XFY14E and 13XFY15E. The markets had traded upto peak valuations of 22X one year forward earnings estimates in end 2007.

Today, there is a wide disparity in valuations across sectors with consumers and pharmaceutical stocks trading much higher versus remaining sectors, although recent rally has bridged the gap partially. Overall, in an expansionary economy mode, one may witness a further rally in the markets and bridging of the valuation gap within cyclical and defensives.

Foreign funds continued to be positive on Indian markets. FII flows which were strong at 20bn\$ in 2013 have continued to be positive till March 2014.

Compared to emerging markets, India is either at par or marginally expensive. However, given our favourable demographics, such premium may be justified. Overall, the Indian markets still look undervalued from a longer term growth perspective.

#### **Debt Market Outlook**

Indian government bond yields have risen around 85 bps over the course of FY14, ending the year at 8.80% versus a low of 7.12% in May 2013. In its bi-monthly review of the monetary policy on 1 April, the RBI kept key rates unchanged (repo rate at 8%), maintaining their focus on bringing CPI down sustainably to 8% by Jan 2015 and 6% by Jan 2016. The RBI increased the liquidity provided under term repos from 0.5% of NDTL of the banking system to 0.75%, and decreased the liquidity provided under overnight repos under the LAF from 0.5% of bank-wise NDTL to 0.25% with immediate effect.

The government will raise Rs. 3.68 trillion (\$61.4 billion) through bond sales in the first half of the fiscal beginning 1 April, which is 61.6% of the total borrowing scheduled for FY 2015. With the new auction calendar kick-starting in April, markets will be keenly watching investor appetite as also any signs of RBI resuming its open market operations at the longer end of the curve. However, communication from the RBI governor so far has been fairly clear that it would not use OMOs to support yields, but only for liquidity injection through securities at the short end. Hence, markets would have to evolve an equilibrium level for gsec yields, devoid of RBI support. Similar to equities - critical trigger for fixed income markets would be the election results, and strength and resolve of the new government to implement credible fiscal consolidation and inflation control strategies.

Hence – while the pre-election period is likely to witness range-bound yields with an upward bias to yields on account of large supply, medium term clarity on the direction of fixed income markets is expected to emerge only after the elections.

#### **(iii) Operations, Sales Offices and Investor Services**

LTMF services its investors through its network of 56 equipped sales offices. Applications are accepted at 18 investor service centres and at other locations (around 197) applications are accepted by Computer Age Management Services Private Limited, the Registrar and Transfer Agent to the Schemes of LTMF ("CAMS").

As per SEBI, the details of the investor complaints as per the SEBI format are required to be a part of the trustee report. Accordingly, the details of the investor complaints received during the period April 2013 to March 2014 are included as Annexure 1.

In the financial year 2013-14, LTMF was one of the fastest growing fund houses in the Indian mutual fund industry. The average assets under management stood at Rs. 18,255 crores for the year ended March 2014 vs. Rs 11,170 crores in March 2013. This growth in assets has been against a backdrop of industry's 11% growth during the same period and at a time when financial markets in India faced significant volatility.

#### **(iv) Dividend**

After considering the distributable surplus, dividend was declared under the Scheme at the rate of Re. 1.20 per unit during the financial year ended March 31, 2014.

## **2. Brief background of the Sponsors, Trust, Trustee Company and AMC**

### **(a) Mutual Fund**

LTMF has been established as a trust under the Indian Trust Act, 1882 with L&T Finance Holdings Limited as the Sponsor/ Settlor and L&T Mutual Fund Trustee Limited as the Trustee Company, vide the Trust Deed dated October 17, 1996 (as amended from time to time) and is duly registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated October 23, 1996 (as amended from time to time) with L&T Investment Management Limited to function as the Investment Manager for all the schemes of L&T Mutual Fund. LTMF was registered with SEBI vide registration certificate dated January 03, 1997.

LTMF is a part of the L&T Group, one of the largest and respected groups, known for its customer-focused approach and the continuous quest for world-class quality which have enabled it to attain and sustain leadership in all its major lines of business.

LTMF is one of the respected Fund Houses in India that endeavors to serve the investment needs of the investors through a suite of mutual fund Schemes. With world class investment management practices and an equally competent fund management team, LTMF seeks to help its investors reach their financial goals.

(b) **Trustee Company****L&T Mutual Fund Trustee Limited**

The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("SEBI Regulations") and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by LTIML, the asset management company to LTMF in accordance with the Trust Deed, the Regulations and guidelines issued by SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

L&T Mutual Fund Trustee Limited is a limited company incorporated under the Companies Act, 1956 on April 30, 1996 having registered office at 'L&T House', Ballard Estate, P.O.Box No. 278, Mumbai, 400 001.

**3. Investment Objective of the Scheme**

L&T Tax Advantage Fund is an open - ended equity growth scheme with an investment objective to generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities.

**4. Accounting Policies**

The accounting policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations 1996.

**5. Unclaimed Dividends and Redemptions**

As on March 31, 2014, a summary of the number of investors and the corresponding amount of unclaimed dividends and redemptions under the Scheme is as follows:

Unclaimed Dividends		Unclaimed Redemptions	
Amount (Rs.)	No. of Investors	Amount (Rs.)	No. of Investors
19,669,087.42	10,584	13,394,581.10	734

**6. Statutory Information**

- The Sponsor/ Settlor is not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution of Rs. 1,00,000 for setting up the Fund.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuation in the market value of its underlying investments.

Full Annual Report shall be disclosed on the website ([www.ltmf.com](http://www.ltmf.com)) and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holder can obtain copy of the Trust Deed, the full Annual Report of the Mutual Fund/ AMC at a nominal fee and the text of the relevant Scheme.

**For and on behalf of the Board of Directors of  
L&T Mutual Fund Trustee Limited**

**Y.M. Deosthalee**  
Director

**Hemant Joshi**  
Director

Place: Mumbai

Date : April 21, 2014

## Redressal of Complaints received during the financial year 2013-2014 by L&amp;T Mutual Fund

Total number of folios as on March 31, 2014

784532

Complaint code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)									
			(b) No of complaints received during the year	Resolved				Non Actionable*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of Dividend on Units	3	19	21	1	0	0	0	0	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	6	71	76	0	0	0	0	1	0	0	0
I D	Interest on delayed payment of Redemption	0	3	3	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	78	78	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	455	455	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	0	0	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/Abridged Summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	1	1	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	1	21	22	0	0	0	0	0	0	0	0
IV	Others	16	246	257	1	0	0	0	4	0	0	0
	<b>TOTAL</b>	<b>26</b>	<b>894</b>	<b>913</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>

# including against its authorized persons/ distributors/ employees, etc.

\*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

## Independent Auditors' Report

To the Board of Trustee of L&T Mutual Fund

### Report on the Financial Statements

- We have audited the accompanying financial statements of L&T Mutual Fund - L&T Infrastructure Fund, L&T Midcap Fund, L&T Tax Saver Fund, L&T Long Term Advantage Fund - I, L&T Equity Fund, L&T India Special Situations Fund, L&T Tax Advantage Fund, L&T Indo Asia Fund, L&T Global Real Assets Fund, L&T India Prudence Fund, L&T India Equity and Gold Fund, L&T India Value Fund and L&T India Large Cap Fund (the "Schemes"), which comprise the Balance Sheets as at March 31, 2014, and the related Revenue Accounts and Cash Flow Statements, where applicable, for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Trustee's and Management's Responsibility for the Financial Statements

- The Trustee of L&T Mutual Fund and the Management of L&T Investment Management Limited (the "Management") are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations"). This responsibility includes the design, implementation and maintenance of internal control 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.

### Auditors' Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included confirmation of securities owned and unit capital balances as at March 31, 2014 by correspondence with the custodian/others and registrar and transfer agent, respectively. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Trustee and the Management, 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.

### Opinion

- In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - in the case of the Balance Sheets, of the state of affairs of the Schemes as at March 31, 2014;
  - in the case of the Revenue Accounts, of the net surplus for the year ended on that date; and
  - in the case of the Cash Flow Statements, where applicable, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirement

- As required by section 55(4) of the Regulations, we report that:
  - We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and
  - In our opinion, the Balance Sheets, Revenue Accounts and Cash Flow Statements, where applicable, dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations.
- As required by clause 5 (ii)(2) of the Eleventh Schedule to the Regulations, we report that the Balance Sheets, Revenue Accounts, and Cash Flow Statements, where applicable, dealt with by this Report are in agreement with the books of account of the Schemes.
- In our opinion, the methods used to value non-traded securities as at March 31, 2014, as determined by L&T Investment Management Limited under procedures approved by the Trustee of L&T Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule of the Regulations issued by the Securities and Exchange Board of India, are fair and reasonable.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

Vivek Prasad  
Partner  
Membership Number 104941

Place: Mumbai  
Date: April 21, 2014

## Abridged Audited Balance Sheet as at March 31, 2014

(Rs. In Lakhs)

	L&T Tax Advantage Fund (Formerly known as Fidelity Tax Advantage Fund)	
	March 31, 2014	March 31, 2013
<b>LIABILITIES</b>		
<b>Unit Capital</b>	51,708.94	55,182.07
<b>Reserves and Surplus</b>		
Unit Premium Reserves	(6,533.88)	(4,779.59)
Unrealised Appreciation Reserves	35,122.09	26,448.23
Other Reserves	40,940.66	32,170.27
<b>Loans &amp; borrowings</b>	-	-
<b>Current Liabilities and Provisions</b>		
Other Current Liabilities and Provisions	2,630.78	1,000.67
<b>TOTAL</b>	<b>123,868.59</b>	<b>110,021.65</b>
<b>ASSETS</b>		
<b>Investments</b>		
<b>Listed Securities</b>		
Equity Shares	116,221.94	107,149.53
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	50.14
Securitised Debt Securities	-	-
<b>Securities Awaiting Listing</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	-
Securitised Debt Securities	-	-
<b>Unlisted Securities</b>		
Equity Shares	-	-
Preference Shares	92.38	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	-
Securitised Debt Securities	-	-
<b>Government Securities</b>		
<b>Treasury Bills</b>		
<b>Commercial Papers</b>		
<b>Certificate of Deposits</b>		
<b>Bill Rediscounting</b>		
<b>Units of Domestic Mutual Fund</b>		
<b>Foreign Securities</b>		
<b>Total Investments</b>	<b>116,314.32</b>	<b>107,199.67</b>
<b>Deposits</b>	<b>378.57</b>	<b>302.60</b>
<b>Other Current Assets</b>		
Cash and Bank Balance	726.73	180.37
CBLO/ Reverse REPO Lending	4,891.53	1,365.06
Others	1,557.44	973.96
<b>Deferred Revenue Expenditure</b> (to the extent not written off)	-	-
<b>TOTAL</b>	<b>123,868.59</b>	<b>110,021.65</b>

Notes to Accounts - Annexure II

**For Price Waterhouse**  
Firm Registration Number - 301112E  
Chartered Accountants

For L&amp;T Mutual Fund Trustee Limited

For L&amp;T Investment Management Limited

**Vivek Prasad**  
Partner  
Membership No.- 104941

**Y. M. Deosthalee**  
Director

**Hemant Joshi**  
Director

**R. Shankar Raman**  
Director

**Ashu Suyash**  
Chief Executive Officer

**Ved Prakash Chaturvedi**  
Director

**S.N. Lahiri**  
Fund Manager

Place: Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014

## Abridged Audited Revenue Account for the year ended March 31, 2014

(Rupees in Lakhs)

	L&T Tax Advantage Fund (Formerly known as Fidelity Tax Advantage Fund)	
	April 01, 2013 to March 31, 2014	April 01, 2012 to March 31, 2013
<b>INCOME AND GAINS</b>		
Dividends	1,611.17	1,554.08
Interest	286.89	810.94
Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
Realised Gain / (Loss) on Interscheme sale of Investments	-	-
Realised Gain / (Loss) on External Sale / Redemption of Investments	14,208.75	11,958.91
Realised Gain/(Losses) on Derivative Transactions	-	-
Other Income	0.24	0.00 #
<b>TOTAL (A)</b>	<b>16,107.05</b>	<b>14,323.93</b>
<b>EXPENSES</b>		
Investment Management Fees	1,530.60	1,246.77
Service Tax on Investment Management Fees	189.19	154.10
Transfer Agent Fees and Expenses	178.59	200.74
Custodian Fees and Expenses	7.96	12.58
Trusteeship Fees and Expenses	0.39	15.21
Commission to Agents	786.69	702.13
Marketing and Distribution Expenses	59.14	62.91
Audit Fees	2.28	2.00
Investor Education & Awareness Expenses	21.99	66.49
Other Operating Expenses	43.27	109.56
Less: Expenses to be Reimbursed by the Investment Manager	126.80	16.58
<b>TOTAL (B)</b>	<b>2,693.30</b>	<b>2,555.92</b>
<b>Net Realised Gains / (Losses) for the Year (A-B=C)</b>	<b>13,413.75</b>	<b>11,768.02</b>
Net Change in Unrealised Depreciation in Value of Investments (D)	-	-
<b>Net Gains / (Losses) for the Year (E=C-D)</b>	<b>13,413.75</b>	<b>11,768.02</b>
Net Change in Unrealised Appreciation in Value of Investments (F)	8,673.85	(6,228.03)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR (E + F = G)</b>	<b>22,087.60</b>	<b>5,539.98</b>
Add : Balance transfer from Unrealised Appreciation	-	-
Less : Balance transfer to Unrealised Appreciation	(8,673.85)	6,228.03
Add / (Less) : Income Equalisation Reserve	(2,207.82)	(2,779.27)
Add : Balance Transferred from Unit Premium Reserve	-	-
Add : Balance Transferred from Reserve Fund	32,170.27	25,316.70
<b>Total</b>	<b>43,376.20</b>	<b>34,305.45</b>
Dividend Distributions	(2,435.54)	(2,135.18)
Dividend Distribution Tax thereon	-	-
<b>Retained Surplus/(Deficit) carried forward to Balance sheet</b>	<b>40,940.66</b>	<b>32,170.27</b>

Notes to Accounts - Annexure II

# Less than Rs. 1000/-

**For Price Waterhouse**  
Firm Registration Number - 301112E  
Chartered Accountants

For L&amp;T Mutual Fund Trustee Limited

For L&amp;T Investment Management Limited

**Vivek Prasad**  
Partner  
Membership No.- 104941

**Y. M. Deosthalee**  
Director

**Hemant Joshi**  
Director

**R. Shankar Raman**  
Director

**Ashu Suyash**  
Chief Executive Officer

**Ved Prakash Chaturvedi**  
Director

**S.N. Lahiri**  
Fund Manager

Place: Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014

Place : Mumbai  
Date: April 21, 2014



## Key Statistics for the year ended March 31, 2014

	L&T Tax Advantage Fund (Formerly known as Fidelity Tax Advantage Fund)	
	Current Year ended March 31, 2014	Previous Year ended March 31, 2013
1. NAV per unit (Rs.):		
<b>Open</b>		
Growth Option	22.024	21.066
Dividend Option	16.254	16.493
Direct Growth Option	22.050	-
Direct Dividend Option	17.263	-
<b>High</b>		
Growth Option	26.772	23.972
Dividend Option	19.046	18.768
Direct Growth Option	26.954	23.979
Direct Dividend Option	20.334	18.773
<b>Low</b>		
Growth Option	20.789	19.488
Dividend Option	15.343	15.257
Direct Growth Option	20.858	21.848
Direct Dividend Option	16.330	17.105
<b>End</b>		
Growth Option	26.772	22.024
Dividend Option	18.506	16.254
Direct Growth Option	26.954	22.050
Direct Dividend Option	19.854	17.263
2. Closing Assets Under Management (Rs. in Lakhs)		
End	121,238	109,021
Average (AAuM)	109,957	117,091
3. Gross income as % of AAuM <sup>1</sup>	14.65%	12.23%
4. Expense Ratio:		
<b>a. Total Expense as % of AAuM (plan wise)</b>		
non Direct Plan	2.45%	2.18%
Direct Plan	1.90%	1.87%
<b>b. Management Fee as % of AAuM (plan wise)</b>		
non Direct Plan	1.39%	1.06%
Direct Plan	1.44%	1.22%
5. Net Income as a percentage of AAuM <sup>2</sup>	12.20%	10.05%
6. Portfolio turnover ratio <sup>3</sup>	0.61	0.33
7. Total Dividend per unit distributed during the year (plan wise)		
Dividend - Plan	1.20	1.00
Direct Plan Dividend Option	1.20	NIL
8. Returns:		
<b>a. Last One Year</b>		
<b>Scheme</b>		
Growth Option	21.56%	4.55%
Direct Plan - Growth Option	22.24%	-
<b>Benchmark</b>	17.19%	6.03%
<b>b. Since Inception</b>		
<b>Scheme</b>		
Growth Option	12.94%	11.79%
Direct Plan - Growth Option	11.07%	-6.78%
<b>Benchmark</b>	9.47%	8.44%
<b>Benchmark (Direct Plan)</b>	7.66%	-6.47%
<b>Benchmark Index</b>	----- CNX Nifty Index -----	

1. Gross income = amount against (A) in the Revenue account i.e. Income.

2. Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD

3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.

Note: Returns calculated are Compounded Annualised Returns as the scheme has completed one year since its inception.

## Notes to Accounts

## Annexure II to the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2014

## 1 Investments:-

- 1.1. All Investments of the Scheme are registered in the name of the Trustee for the benefit of the Scheme's Unitholders.  
 1.2. Open Position of derivatives as at the year ended March 31, 2014 and March 31, 2013 was NIL.  
 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2014 was as under -

**L&T Tax Advantage Fund**

Issuer	Instrument Type	Amount (Rs.) March 31, 2014	Aggregate Investments by all schemes (Rs.) March 31, 2014
Larsen and Toubro Ltd.	Equity	476,708,120	1,785,194,324
Mcnally Bharat Engineering Co Ltd	Equity	27,816,694	114,958,072

- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2014 and March 31, 2013.  
 1.5. There were no Non-Performing Assets as at March 31, 2014 and March 31, 2013.  
 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year March 31, 2014 and March 31, 2013 are as under :

Scheme Name / Security Type	Amount (Rs.) As at March 31, 2014	Percentage to Net Assets	Amount (Rs.) As at March 31, 2013	Percentage to Net Assets
<b>L&amp;T Tax Advantage Fund</b>				
<b>Equity / Preference Shares</b>				
- Appreciation	3,692,403,210	30.46%	3,066,614,357	28.13%
- Depreciation	180,194,532	1.49%	426,805,380	3.91%
<b>Bonds &amp; Debentures</b>				
- Appreciation	-	-	5,014,330	0.05%
- Depreciation	-	-	-	-

- 1.7. The aggregate value of securities purchased and sold during the financial year March 31, 2014 and March 31, 2013 is as below :

Scheme Name	Purchases (Rs.)	Percentage of average daily net assets	Sales (Rs.)	Percentage of average daily net assets
<b>2013-14</b>				
L&T Tax Advantage Fund	5,297,033,796	48.17%	6,673,829,745	60.69%
<b>2012-13</b>				
L&T Tax Advantage Fund	5,020,558,602	42.88%	5,601,681,483	47.84%

- 1.8. Non-Traded securities in the portfolio: Aggregate Value of Debt & Money Market Instruments and percentage to net assets is as under :

Scheme Name / Security Type	Amount (Rs.) As at March 31, 2014	Percentage to Net Assets	Amount (Rs.) As at March 31, 2013	Percentage to Net Assets
<b>L&amp;T Tax Advantage Fund</b>				
Debt	-	-	5,014,330	0.05%

- 2 Details of Transaction with Associates under regulation 25(8).

**L&T Tax Advantage Fund**

Name of associate/related parties/group companies of Sponsor/AMC	Nature of Association/Nature of relation	Period covered	Business Given (Rs. Cr)	% of Total Business received by the Fund	Commission paid (Rs.)	% of Total commission paid by the Fund
L & T Capital Company Ltd.	Associate Company	April 01, 2013 to March 31, 2014	-	-	0.00~	-
L & T Finance Ltd.	Associate Company	April 01, 2013 to March 31, 2014	0.07	0.05	0.00~	0.03
L&T Access Financial Advisory Services Ltd	Group Company	April 01, 2013 to March 31, 2014	0.26	0.19	0.01	0.12
L&T Capital Markets Limited	Associate Company	April 01, 2013 to March 31, 2014	0.21	0.15	0.00~	0.01

(~) - Indicates less than 0.01

- 3 There were no Unitholders over 25% of the NAV of the Scheme as at March 31, 2014 and March 31, 2013.
- 4 Unit Capital movement during the years ended March 31, 2014 and March 31, 2013

### L&T Tax Advantage Fund

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
<b>2013-14</b>					
Growth Option	334,246,992.428	27,126,056.905	56,219,837.351	305,153,211.982	3,051,532,120
Dividend Option	216,144,153.966	26,851,995.841	36,049,228.704	206,946,921.103	2,069,469,211
Direct Plan Growth Option	1,015,746.895	2,570,494.319	-	3,586,241.214	35,862,412
Direct Plan Dividend Option	413,766.483	989,245.977	-	1,403,012.460	14,030,125
<b>2012-13</b>					
Growth Option	374,826,516.403	20,849,277.215	61,428,801.190	334,246,992.428	3,342,469,924
Dividend Option	248,454,205.206	11,455,766.322	43,765,817.562	216,144,153.966	2,161,441,540
Direct Plan Growth Option	-	1,015,746.895	-	1,015,746.895	10,157,469
Direct Plan Dividend Option	-	413,980.364	213.881	413,766.483	4,137,665

- 5 Prior year amounts have been re-grouped and reclassified, wherever applicable, to confirm to current year's presentation.
- 6 There were no contingent liabilities for the year ended March 31, 2014 and March 31, 2013.
- 7 Expenses other than management fee are inclusive of service tax wherever applicable.
- 8 The Annual Accounts of the Schemes prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 has been approved by the Board of Directors of AMC and Trustee Company at their meetings held on 21st April 2014. The audit report attached herewith refers to the said annual accounts. The aforesaid abridged accounts are an extract of the Annual Accounts in accordance with SEBI Circular No. IMD/Cir8/132968/2008 dated July 24, 2008.

The general voting policies and procedures of L&T Investment Management Limited with respect to the Schemes of L&T Mutual Fund and the actual exercise of votes in the general meetings of investee companies for financial year 2013-14 have been disclosed on [www.lntmf.com](http://www.lntmf.com) and in full Annual Report for financial year 2013-14.

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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