

Abridged **Annual Report 2014-2015**

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, Brindavan, Plot No 177, CST Road, Kalina
Santacruz (E), Mumbai 400 098

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

New No.10, Old No.178, MGR Salai
Kodambakkam High Road, 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. M.V. Nair
Mr. P.H. Ravikumar
Ms. Raji Vishwanathan

L&T Mutual Fund Trustee Limited

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

L&T India Special Situations 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 India Special Situations 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, 2015, along with the audited financial statement for the Scheme.

LTMF offers a wide range of Schemes across asset classes in cash, fixed income and equity, each adhering to distinct investment styles to suit different investment needs.

LTMF has a healthy mix of assets across equity, fixed income and hybrid schemes; equity assets under management make for over 35% of the total assets under management.

As of March 31, 2015, LTMF had 55 Schemes which comprised 14 open - ended equity schemes, 13 open - ended debt / fixed income schemes, 27 closed-ended schemes including various fixed maturity plans, 1 open-ended fund of funds scheme and 1 closed-ended equity scheme with automatic conversion into an open-ended equity scheme on completion of 2 years from the date of allotment.

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 L&T India Prudence Fund, L&T Arbitrage Opportunities Fund, L&T Business Cycles Fund and L&T Equity Savings Fund.

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

The closed-ended equity scheme with automatic conversion into an open-ended equity scheme on completion of 2 years from the date of allotment includes L&T Emerging Businesses Fund.

The open - ended debt / fixed income 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 Short Term Opportunities Fund and L&T Resurgent India Corporate Bond 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 / fixed income 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, 2015 is as follows:

- AUM (Rs. in crores) : 943.74
- NAV (in Rs.) :

Direct Plan- Dividend Option	27.573
Direct Plan- Growth Option	36.306
Dividend Option	27.106
Growth Option	35.777

Scheme Name	Period			Date of Inception of the Scheme	Since Inception	
	31/Mar/2014 - 31/Mar/2015	28/Mar/2013 - 31/Mar/2014	30/Mar/2012 - 28/Mar/2013		CAGR Returns (%)	PTP Returns* (in Rs.)
	Absolute Return (%)					
L&T India Special Situations Fund – Growth Option	47.70	20.41	10.90	22-May-06	15.47	35,777.00
Benchmark - S&P BSE 200	31.93	17.19	6.03		12.12	27,554.45
Standard Benchmark - S&P BSE Sensex	24.89	18.85	8.23		11.70	26,672.49
L&T India Special Situations Fund – Direct Plan – Growth Option	48.73	21.18	NA	01-Jan-13		
Benchmark - S&P BSE 200	31.93	17.19	NA			
Standard Benchmark - S&P BSE Sensex	24.89	18.85	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. May 22, 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 estimated to grow by 7.4% in FY15 as per the revised methodology of calculation. This is one of the fastest growth rates globally. However, when one correlates this to the corporate growth rates in FY15, it presents a different picture. Sensex companies' earnings are expected to grow by only 6% in FY15. Earnings estimates for FY15 have been revised downwards by broking firms after each successive quarterly results. IIP growth still remains tepid and bank credit growth has plummeted. Within all this is a silver lining.

Consumer as well as wholesale inflation rates has fallen sharply to the lowest levels witnessed for a long time giving RBI room to ease rates. Further, fall in commodity prices, especially oil has brought current account deficit as well as subsidy to manageable levels. This has given more headroom for the Centre to act on growth enabling capital expenditure.

In terms of the global economy, whereas US Fed is inching closer to a tighter monetary policy, Eurozone is witnessing just the reverse as we see monetary stimulus leading the region to recovery. US is now grappling with the prospects of a very strong dollar even before the start of its upward rate cycle. Within Asia, Japan has been failing to lift its economy despite aggressive monetary easing for the last 3 years. China has begun to stare down at a slowdown in growth preceded by a weak housing market and is also looking at its own stimulus to counter disinflationary pressures. Within all this, Indian economy, despite its current form, stands out looking better.

The last year (FY15) has seen the Sensex return 25%, the midcap index 50% and the small cap index 54%. Mid and small cap valuations have caught up with large cap and in some cases, the valuation of mid caps have moved to a premium over large caps. Within sectors, healthcare sector has given the best returns of 70% followed by autos, capital goods and banks which gave between 40-50% returns. Metals and oil and gas gave negative returns. Among global markets, the best performing markets were Shanghai (84%) followed by Japan (30%), Germany (25%), whereas Dow Jones gave 8 % returns. Russia was the worst performer with -28% returns. India now trades at a premium to most emerging markets and in line with US markets. India's RoE remains superior to most emerging markets, an important differentiator for valuation premium.

India has been a big beneficiary of global liquidity with more than 18.4bn\$ of inflows in FY15. FIIs now own 21% of Indian equity and overweight position of emerging market investors in India is running high. However, with current account deficit reaching reasonably low levels and forex reserves strengthening, India's vulnerability to Fed tightening has come down.

Going forward, key events to watch for are the corporate earnings over the next few quarters. There have been green shoots such as some recovery in heavy commercial vehicles sales as well as Government initiatives in coal, telecom and fertiliser sectors. If the Government does take the right steps, ceteris paribus, the industry would get an added impetus to go back to better growth rates in the coming years.

Debt Market Outlook

Indian government bonds have had a good year in FY15, with yields moving down by almost 1% over the course of the year. 10 year gsec yields ended the year at 7.74% vs 8.80% a year back. While the first 3 months of the fiscal year saw fair bit of volatility, however - once the political landscape started becoming clearer and prospects of a stable NDA government increased, fixed income markets - along with equity and the currency- all embarked on a significant rally, with yields finally touching a bottom of 7.65% in early February. Inflation as indicated by CPI as well as WPI saw sharp broad-based falls, driven by the dramatic collapse in oil prices, as well as a drop in various other sub-categories of inflation on account of the tepid demand-side conditions in the economy. The RBI started its rate cutting cycle in January, cutting rates by a total of 50bps so far.

In its monetary policy review on April 7, the Reserve Bank of India (RBI) left all key rates unchanged – as broadly expected by the market. The central bank said that going forward, the accommodative stance of monetary policy will be maintained, but monetary policy actions will be conditioned by incoming data. The RBI set out the following factors that will determine further action - transmission by banks, food inflation trends, further supply-side measures of the government, debottlenecking efforts by the government on stalled projects and direction of the US monetary policy.

The outlook for fixed income market continues to remain positive. Having cut rates already by 50bps so far this year, the RBI has now adopted a wait and watch approach, citing lack of transmission by banks as an important factor influencing the status quo decision. Also, risks around food inflation emanating from unseasonal rains, as well as possible El Nino impact going forward are key. However, overall – the RBI has expressed comfort with being able to undershoot their earlier 6% CPI target for March 2016, which has now been lowered to 5.8%.

The cautious and gradualist approach taken by the RBI has kept rate cut expectations fairly muted, and this in our view – is a huge positive, as it limits the scope for sharp upward movements in yields as and when growth picks up. The RBI clearly doesn't want to engage in a flip-flop policy of sharp rate cuts this year, only to reverse them next year. This provides the much needed stability that a long term fixed income investor desires, as it potentially reduces medium term volatility and enables investors to invest for longer time frames.

The government and RBI have formally adopted the flexible inflation targeting monetary policy framework, with a mandate to keep the CPI inflation below 6% by 2016, and then to 4% by early 2018. This is an extremely significant milestone for our fixed income markets, and is likely to influence policy making (of RBI and Government) to a very large extent over the coming years.

With 50bps of rate cuts out of the way, markets are on the lookout for some visibility on further rate cuts. With RBI being fairly non-committal on future course of action, data dependency has clearly increased, leading to a wide range of views on future course of action. Upcoming inflation data, trajectory for oil, and the global interest rates backdrop (especially US interest rates) are likely to be watched closely by the markets.

We continue to expect the central bank to lower interest rates further by 25bps (and in a very optimistic scenario by 50bps, though not our base case) over the course of the year, driven by a favorable global commodity price backdrop and a delayed start to US rate hikes. Accordingly, while

there is scope for longer end yields to move lower, the extent of such gains does appear somewhat limited. Longer term investors would do well to focus on a combination of attractive portfolio yields, while still having moderate duration – as this combination should be able to deliver attractive returns over a 3 year plus horizon.

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

LTMF services its investors through its network of 56 equipped sales offices. Applications are accepted at 22 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 2014 to March 2015 are included as Annexure 1.

(iv) **Dividend**

After considering the distributable surplus, dividend was declared under the Scheme during the financial year ended March 31, 2015.

2. Brief background of the Sponsors, Trust, Trustee Co. and AMC co.

(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).

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 India Special Situations Fund (An open-ended equity growth scheme): The investment objective of the Scheme is to generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities including equity derivatives. The Scheme is a diversified equity fund investing in companies for long term investment with key theme focus being “Special Situations” – these are situations that are out of the ordinary and which therefore present interesting stock picking opportunities. The performance of the Scheme is benchmarked against S&P BSE 200 Index.

4. Accounting Policies

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

5. Unclaimed Dividends and Redemptions

As on March 31, 2015, 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
6,988,219.66	2,451	11,620,429.63	453

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.lntmf.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**

Mr. Yeshwant M. Deosthalee
Director

Mr. Hemant Y. Joshi
Director

Place: Mumbai
Date : April 21, 2015

Redressal of Complaints received against L&T Mutual Fund during 2014-2015

Complaint code	Type of Complaint	(a) No. of complaints pending at the beginning of the period	(b) No. of complaints received during the given period	Action on (a) and (b)								
				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	0	7	7	0	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	1	47	47	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	30	29	0	0	0	0	1	0	0	0
II B	Discrepancy in Statement of Account	0	254	254	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	285	285	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/Abridged Summary	0	12	12	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	2	2	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	0	0	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	0	23	19	1	0	0	0	3	0	0	0
IV	Others	4	183	184	0	1	0	0	2	0	0	0
	TOTAL	5	846	842	1	1	0	0	7	0	0	0

Independent Auditors' Report

To the Board of Trustee of L&T Mutual Fund

Report on the Financial Statements

1. 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, L&T India Large Cap Fund, L&T Emerging Businesses Fund, L&T Arbitrage Opportunities Fund, L&T Business Cycles Fund and L&T Equity Savings Fund (Formerly known as L&T MIP - Wealth Builder Fund) (the "Schemes"), which comprise the Balance Sheets as at March 31, 2015, 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

2. 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

3. 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.
4. 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, 2015 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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:
 - (a) in the case of the Balance Sheets, of the state of affairs of the Schemes as at March 31, 2015;
 - (b) in the case of the Revenue Accounts, of the net surplus for the year ended on that date; and
 - (c) 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 Requirements

7. As required by section 55(4) of the Regulations, we report that:
 - (a) 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
 - (b) 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.
8. 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.
9. In our opinion, the methods used to value non-traded securities as at March 31, 2015, 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, 2015

Abridged Audited Balance Sheet as at March 31, 2015

(Rs. In Lakhs)

	L&T India Special Situations Fund	
	March 31, 2015	March 31, 2014
LIABILITIES		
Unit Capital	29,202.87	26,859.94
Reserves and Surplus		
Unit Premium Reserves	(38,466.42)	(39,838.95)
Unrealised Appreciation Reserves	31,005.30	13,316.72
Other Reserves	72,632.72	60,444.49
Loans & borrowings	-	-
Current Liabilities and Provisions		
Current Liabilities and Provisions	584.01	782.00
TOTAL	94,958.48	61,564.20
ASSETS		
Investments		
Listed Securities		
Equity Shares	91,275.32	58,452.86
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	33.44	-
Securitized Debt Securities	-	-
Securities Awaiting Listing		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	-
Securitized Debt Securities	-	-
Unlisted Securities		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	-
Securitized Debt Securities	-	-
Government Securities		
Treasury Bills		
Commercial Papers		
Certificate of Deposits		
Bill Rediscounting		
Units of Domestic Mutual Fund		1,601.92
Units of Overseas Mutual Fund		-
Foreign Securities		
Total Investments	91,308.76	60,054.78
Deposits	149.03	179.04
Other Current Assets		
Cash and Bank Balance	241.13	111.26
CBLO/ Reverse REPO Lending	2,518.42	160.85
Others	741.14	1,058.27
Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL	94,958.48	61,564.20

Notes to Accounts - Annexure I

For Price Waterhouse

Firm Registration Number - 301112E

Chartered Accountants

Vivek Prasad

Partner

Membership No.- 104941

For L&T Mutual Fund Trustee Limited

Y. M. Deosthalee
Director

Hemant Joshi
Director

For L&T Investment Management Limited

R. Shankar Raman
Director

Ms. Raji Vishwanathan
Additional Director

Ashu Suyash
Chief Executive Officer

S.N. Lahiri
Fund Manager

Mr. Praveen Ayathan
Fund Manager

Venugopal Manghat
Fund Manager

Vikram Chopra
Fund Manager

Abhijeet Dakshikar
Fund Manager

Rajesh Pherwani
Fund Manager

Place: Mumbai

Place: Mumbai

Place: Mumbai

Place: Mumbai

Place: Mumbai

Date: April 21, 2015

Date: April 21, 2015

Date: April 21, 2015

Date: April 21, 2015

Date: April 21, 2015

Abridged Audited Revenue Account for the year ended March 31, 2015

(Rs. In Lakhs)

	L&T India Special Situations Fund	
	April 01, 2014 to March 31, 2015 Rupees	April 01, 2013 to March 31, 2014 Rupees
INCOME AND GAINS		
Dividends	1,076.84	949.88
Interest	203.10	142.23
Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
Realised Gain/(Loss) on Interscheme sale of Investments	-	-
Realised Gain/(Loss) on External Sale/Redemption of Investments	12,026.78	5,236.26
Realised Gain/(Losses) on Derivative Transactions	-	-
Miscellaneous Income	35.30	14.62
TOTAL (A)	13,342.02	6,342.99
EXPENSES		
Investment Management Fees	1,241.79	895.76
Service Tax on Investment Management Fees	153.49	110.72
Transfer Agent Fees and Expenses	117.68	81.11
Custodian Fees and Expenses	6.51	4.36
Trusteeship Fees and Expenses	0.21	0.20
Audit Fees	2.75	2.28
Selling and Distribution Expenses	496.71	361.22
Marketing and Publicity Expenses	9.41	11.74
Investor Education & Awareness	15.97	11.36
Listing Fees and Expenses	-	-
Other Operating Expenses	26.21	23.00
Less: Expenses to be Reimbursed by the Investment Manager	20.67	0.39
TOTAL (B)	2,050.06	1,501.36
Net Realised Gains / (Losses) for the Year (A-B=C)	11,291.97	4,841.63
Net Change in Unrealised Depreciation in Value of Investments (D)	-	-
Net Gains / (Losses) for the Year (E=C-D)	11,291.97	4,841.63
Net Change in Unrealised Appreciation in Value of Investments (F)	17,688.58	5,975.63
NET SURPLUS/(DEFICIT) FOR THE YEAR (E + F = G)	28,980.55	10,817.26
Add : Balance transfer from Unrealised Appreciation	-	-
Less : Balance transfer to Unrealised Appreciation	(17,688.58)	(5,975.63)
Add / (Less) : Income Equalisation Reserve	4,866.37	(2,599.54)
Add : Balance Transferred from Unit Premium Reserve	-	-
Add : Balance Transferred from Reserve Fund	60,444.48	59,648.58
Total	76,602.82	61,890.67
Dividend Appropriation		
Prior Period Dividend Distribution		
Prior Period Dividend Distribution Tax thereon		
Dividend Distributions	(3,970.10)	(1,446.18)
Dividend Distribution Tax thereon	-	-
Retained Surplus/(Deficit) carried forward to Balance sheet	72,632.72	60,444.49

Notes to Accounts - Annexure I

For Price Waterhouse

Firm Registration Number - 301112E

Chartered Accountants

Vivek Prasad

Partner

Membership No.- 104941

For L&T Mutual Fund Trustee Limited

Y. M. Deosthalee
Director

Hemant Joshi
Director

For L&T Investment Management Limited

R. Shankar Raman
Director

Ms. Raji Vishwanathan
Additional Director

Ashu Suyash
Chief Executive Officer

S.N. Lahiri
Fund Manager

Mr. Praveen Ayathan
Fund Manager

Venugopal Manghat
Fund Manager

Vikram Chopra
Fund Manager

Abhijeet Dakshikar
Fund Manager

Rajesh Pherwani
Fund Manager

Place: Mumbai

Date: April 21, 2015

Place : Mumbai

Date: April 21, 2015

Place : Mumbai

Date: April 21, 2015

Place : Mumbai

Date: April 21, 2015

Place : Mumbai

Date: April 21, 2015

Key Statistics for the year ended 31st March 2015

(Rs. In Lakhs)

	L&T India Special Situations Fund	
	Current Year ended March 31, 2015	Previous Year ended March 31, 2014
1. NAV per unit (Rs.):		
Open		
Growth Option	24.223	20.117
Dividend Option	20.705	18.239
Direct Growth Option	24.411	20.145
Direct Dividend Option	20.877	18.266
High		
Growth Option	37.500	24.223
Dividend Option	32.054	21.056
Direct Growth Option	38.032	24.411
Direct Dividend Option	32.526	21.213
Low		
Growth Option	24.205	18.383
Dividend Option	20.689	16.666
Direct Growth Option	24.394	18.455
Direct Dividend Option	20.862	16.733
End		
Growth Option	35.777	24.223
Dividend Option	27.106	20.705
Direct Growth Option	36.306	24.411
Direct Dividend Option	27.573	20.877
2. Closing Assets Under Management (Rs. in Lakhs)		
End	94,374	60,782
Average (AAuM)	79,820	56,773
3. Gross income as % of AAuM ¹	16.72%	11.17%
4. Expense Ratio:		
a. Total Expense as % of AAuM (plan wise)		
Regular Plan	2.58%	2.65%
Direct Plan	1.87%	2.02%
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	1.56%	1.58%
Direct Plan	1.47%	1.59%
5. Net Income as a percentage of AAuM ²	14.15%	8.53%
6. Portfolio turnover ratio ³	0.50	0.57
7. Total Dividend per unit distributed during the year (plan wise)		
Dividend - Plan	3.50	1.20
Direct Plan Dividend Option	3.50	1.20
8. Returns:		
a. Last One Year Scheme		
Growth Option	47.70%	20.41%
Direct Plan - Growth Option	48.73%	21.18%
Benchmark	31.93%	17.19%
b. Since Inception Scheme		
Growth Option	15.47%	11.91%
Direct Plan - Growth Option	26.21%	10.60%
Benchmark	12.12%	9.82%
Benchmark (Direct Plan)	17.87%	7.66%
Benchmark Index	----- S&P BSE 200 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 I to the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2015

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, 2015 and March 31, 2014 was NIL.
 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2015 was as under -

L&T India Special Situations Fund

Issuer	Instrument Type	Amount (Rs.)	Aggregate Investments by all schemes (Rs.)
		March 31, 2015	March 31, 2015
Bharat Forge Limited	Equity	70,226,750	79,956,429
Larsen and Toubro Ltd.	Equity	420,626,390	5,197,393,670

- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2015 and March 31, 2014.
 1.5. There were no Non-Performing Assets as at March 31, 2015 and March 31, 2014.
 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year March 31, 2015 and March 31, 2014 are as under :

Scheme Name / Security Type	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	As at March 31, 2015		As at March 31, 2014	
L&T India Special Situations Fund				
Equity Shares				
- Appreciation	3,243,854,256	34.37%	1,516,489,038	24.95%
- Depreciation	146,565,994	1.55%	184,907,672	3.04%
Bonds & Debentures				
- Appreciation	3,343,515	0.04%	-	-
- Depreciation	-	-	-	-
Mutual Fund Units				
- Appreciation	-	-	192,469	0.00%~
- Depreciation	-	-	-	-

(~) - Indicates less than 0.01

- 1.7. The aggregate value of securities purchased and sold during the financial year March 31, 2015 and March 31, 2014 is as below :

Scheme Name	Purchases (Rs.)	Percentage of average daily net assets	Sales (Rs.)	Percentage of average daily net assets
2014-15				
L&T India Special Situations Fund	6,439,653,445	80.68%	6,285,791,686	78.75%
2013-14				
L&T India Special Situations Fund	3,636,865,137	64.06%	4,636,656,612	81.67%

- 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.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	As at March 31, 2015		As at March 31, 2014	
L&T India Special Situations Fund				
Equity Shares	1,679,857	0.02%	-	-
Debt	-	-	2,474,333	0.04%

- 2 Transactions covered by Regulation 25(8) of the SEBI Regulations with the associates of the Investment Manager of the Fund :

L&T India Special Situations 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 Access Distribution Services Ltd.	Group Company	April 01, 2014 to March 31, 2015	1.14	0.36	0.02	0.27
L&T Finance Ltd	Group Company	April 01, 2014 to March 31, 2015	0.01	-	0.00~	-
L&T Capital Markets Limited	Associate Company	April 01, 2014 to March 31, 2015	8.42	2.68	0.11	1.30

(~) - Indicates less than 0.01

- 3 There were no Unitholders over 25% of the NAV of the Scheme as at March 31, 2015 and March 31, 2014.
4 Unit Capital movement during the years ended March 31, 2015 and March 31, 2014

L&T India Special Situations Fund

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2014-15					
Regular Plan Growth Option	144,713,533.711	65,125,508.106	39,573,685.380	170,265,356.437	1,702,653,564
Regular Plan Dividend Option	121,257,903.713	18,509,290.951	23,779,227.534	115,987,967.130	1,159,879,671
Direct Plan Growth Option	2,089,722.818	3,165,509.569	368,584.145	4,886,648.242	48,866,482
Direct Plan Dividend Option	538,256.931	422,646.380	72,148.928	888,754.383	8,887,544
2013-14					
Regular Plan Growth Option	161,023,147.377	25,929,318.197	42,238,931.863	144,713,533.711	1,447,135,337
Regular Plan Dividend Option	144,305,243.071	5,633,167.404	28,680,506.762	121,257,903.713	1,212,579,037
Direct Plan Growth Option	473,586.637	1,845,260.669	229,124.488	2,089,722.818	20,897,228
Direct Plan Dividend Option	75,588.376	486,039.245	23,370.690	538,256.931	5,382,569

- 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, 2015 and March 31, 2014.
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 2015. 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 2014-15 have been disclosed on www.Intmf.com and in full Annual Report for financial year 2014-15.

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

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