

# Abridged Annual Report 2015-2016

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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, 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 (IFIC)  
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  
Dr. Rupa Nitsure

### **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.lntmf.com  
email investor.line@lntmf.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, 2016, 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 40% of the total assets under management as of March 31, 2016.

As of March 31, 2016, LTMF had 54 Schemes which comprised 13 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 India Large Cap Fund, L&T Infrastructure Fund, L&T India Value Fund, L&T Dynamic Equity 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, 2016 is as follows:

- AUM (Rs. in crores) : 924.08
- NAV (in Rs.) :

Direct Plan- Dividend Option	25.627
Direct Plan- Growth Option	33.744
Dividend Option	25.008
Growth Option	33.008

Scheme Name	Period			Date of Inception of the Scheme	Since Inception	
	31/Mar/2015-31/Mar/2016	31/Mar/2014-31/Mar/2015	28/Mar/2013-31/Mar/2014		CAGR Returns (%)	PTP Returns* (in Rs.)
	Absolute Return (%)					
L&T India Special Situations Fund – Growth Option	-7.74	47.70	20.41		12.87	33008.00
Benchmark - S&P BSE 200	-7.86	31.93	17.19	22-May-06	9.90	25387.67
Standard Benchmark - S&P BSE Sensex	-9.36	24.89	18.85		9.36	24177.08

Scheme Name	Period			Date of Inception of the Scheme	Since Inception	
	31/Mar/2015-31/Mar/2016	31/Mar/2014-31/Mar/2015	28/Mar/2013-31/Mar/2014		CAGR Returns (%)	PTP Return* (in Rs.)
	Absolute Return (%)					
L&T India Special Situations Fund – Direct Plan – Growth Option	-7.06	48.73	21.18	01-Jan-13	14.84	15669.38
Benchmark - S&P BSE 200	-7.86	31.93	17.19		9.24	13323.84
Standard Benchmark - S&P BSE Sensex	-9.36	24.89	18.85		8.27	12942.19

**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**

FY16 marked a year of negative returns across equity markets globally with China being the worst performing with -20% return and only Mexico was positive with 5% return. The year saw the adoption of negative interest rate policy by central bank of Japan to prop up the economy much on the lines of Europe. Slowdown in Chinese growth continued to put pressure on commodities which saw sharp declines, although there was some back ended recovery. The year also saw a sharp 40% decline in the price of crude oil driven by strong supply from US and Middle East in the backdrop of slowing global demand growth. Fall in crude price further aggravated the global slowdown impact. US Fed started with a rate increase but has later turned dovish given the weak global environment and earnings slowdown in US corporates.

During FY16, undertone of the Indian market was negative with the Sensex declining by 9%, whereas the mid cap index showed a marginal decline and the small cap, a decline of 9%. This was contributed by weak corporate earnings growth despite a strong GDP number. Indian earnings remained subdued due to multiple factors such as overall slowdown in industrial growth, weak monsoons, a sharp fall in commodity prices and decline in exports. Sector performance in India reflected the weak sentiment, most showing a negative return during FY16 with realty sector seeing the highest decline at 26% and IT sector being the best performing one staying just flat. With regards to valuations, small/ mid-caps continue to trade at some premium to large caps and overall Indian market seems valued close to long term average multiples.

Given the backdrop of FII outflows from emerging markets, Indian equities saw outflows of 2.2bn\$ from FIIs. However, inflows from the domestic investors were strong as the Indian mutual fund industry saw net inflows of about 10.5bn\$ in equities. The year also saw many equity issuances getting support from the strong liquidity by domestic investors.

Going forward, FY17 could be crucial in terms of recovery of corporate profitability. Any revival of stalled projects and private capex recovery would be important from an industry perspective. The tone of the monsoons would also be critical after having failed two years in a row. What is encouraging is that Indian economy appears relatively more stable in terms of economic growth as many continue to remain weak. Further hope has been built with the Government's focus on fiscal consolidation and at the same time maintaining emphasis on its initiatives on overall infrastructure spending, Make in India and structural reforms. Benign inflation during the year has given room to RBI to cut rates (overall 150 bps in the last 15 months). Effective translation of these rates into the economy, enabling policy, stability in global environment and a low base effect could facilitate the foundation for earnings recovery over the next year.

**Debt Market Outlook**

Indian government bonds had a volatile year in FY16, with the 10 year government bond benchmark starting the year at 7.75%, and despite the swings through the year, ended the year with a smart rally at 7.46%. Yields thus ended lower by 30bps on the benchmark 10 year government bond. RBI cut rates in total by 125bps since Jan 15 (150bps if we include the 25bp rate cut in its FY17 policy on April 5, 2016), while inflation broadly stayed well behaved around the 5% zone on back of good food supply management by the government and weak demand side pressures, along with sharply lower commodity prices. The government surprised the markets by sticking to a policy of fiscal prudence despite pressure from various quarters to ease the FRBM targets. In its monetary policy on April 5 2016, the Reserve Bank of India (RBI) lowered the repo rate by 25 bps at 6.50% and increased the reverse repo rate by 25 bps to 6.0% with a view to ensuring finer alignment of the weighted average call rate with the repo rate. In its forward guidance, the RBI stated that "the stance of monetary policy will remain accommodative.

The outlook for fixed income market continues to remain positive. Economic growth continues to struggle, despite various government measures to revive it. Most growth indicators as well as corporate earnings growth projections continue to remain anaemic, with little sign of any significant pick-up in the near term. Headline CPI Inflation has surprised on the downside, although core inflation is still stubbornly high above 5%. Globally, sentiment remains fragile, although past month has seen a revival in risk appetite across global markets including commodities. The government had surprised most street expectations by delivering on its promise of fiscal prudence, as required by the RBI, and also sharply reducing the small savings rate in the economy which was cited as a hindrance to transmission by the banks. Along with the 25bp rate cut in its April 2016 policy, the central bank has announced very significant changes and improvements to the liquidity framework. Short end liquidity should improve, as the government starts to spend more and also with RBI actively ensuring adequate liquidity.

On Credit risk front, FY16 was an eventful period for debt Mutual funds which saw an unfortunate payment default by one corporate and various credit rating downgrades that raised many concerns for investors. As per the CRISIL's update, while the number of upgrades in FY16 were still higher than number of downgrades in FY16, quantum of debt of firms (excluding financial sector) downgraded by CRISIL rose to an all-time high of Rs 3.8 trillion in FY16, suggesting that systemic credit quality remained under stress during the year. Many of the Public Sector Bank's credit ratings have also been downgraded during the year on account of high slippages on asset quality and lack of a strong capital base. Against the backdrop of credit downgrades, Securities and Exchange Board of India ("SEBI") has also tightened exposure norms for debt mutual funds. As we continue to have a cautious credit outlook in FY17, we remain conservative & very selective in picking up any credits based upon our robust internal credit rating approach which has helped us avoid any major exposure to any downgraded instruments in FY16.

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

LTMF services its investors through its network of 64 equipped sales offices. Applications are accepted at 29 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 2015 to March 2016 for all the schemes of the fund are included as Annexure 1.

**(iv) Dividend**

After considering the availability and adequacy of distributable surplus under the Scheme, dividend was declared under the Scheme as per the provisions contained in the Scheme's scheme information document.

**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 is 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, 2016, 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
11,479,638.66	3,069	9,887,243.11	423

**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](http://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**

**Y.M. Deosthalee**  
Director

**Hemant Joshi**  
Director

Place: Mumbai  
Date: April 25, 2016

Annexure 1

Redressal of Complaints received against L&T Mutual Fund during 2015-2016

Complaint code	Type of complaint	(a) No. of complaints pending at the beginning of the year	(b) No of complaints received during the year	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	9	8	0	0	0	0	1	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	12	13	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	1	16	15	2	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	3	3	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	330	330	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/ Abridged Summary	0	1	1	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	1	0	0	0	0	0	1	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	3	28	31	0	0	0	0	0	0	0	0
IV	Others	2	158	155	1	0	0	0	4	0	0	0
<b>TOTAL</b>		<b>7</b>	<b>559</b>	<b>557</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Independent Auditors' Report

To the Board of Directors of L&T Mutual Fund Trustee Limited

### 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 Global Real Assets Fund, L&T India Prudence Fund, L&T Dynamic Equity Fund (formerly known as 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 Sheet as at March 31, 2016, and the related Revenue Account and Cash Flow Statement, 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 Scheme 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, 2016 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 Sheet, of the state of affairs of the Scheme as at March 31, 2016;
  - (b) in the case of the Revenue Account, of the net surplus/deficit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, where applicable, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirement

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 Sheet, Revenue Account and Cash Flow Statement, 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 Sheet, Revenue Account, and Cash Flow Statement, where applicable, dealt with by this Report are in agreement with the books of account of the Scheme.
9. In our opinion, the methods used to value non-traded securities as at March 31, 2016, 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

Alpa Kedia  
Partner  
Membership Number 100681

Place: Mumbai  
Date: April 25, 2016

Abridged Audited Balance Sheet as at March 31, 2016

	(Rs. In Lakhs)	
	L&T India Special Situations Fund	
	March 31, 2016	March 31, 2015
<b>LIABILITIES</b>		
<b>Unit Capital</b>	30,716.21	29,202.87
<b>Reserves and Surplus</b>		
Unit Premium Reserves	(37,714.27)	(38,466.42)
Unrealised Appreciation Reserves	18,612.59	31,005.30
Other Reserves	80,792.92	72,632.73
<b>Loans &amp; borrowings</b>	-	-
<b>Current Liabilities and Provisions</b>		
Current Liabilities and Provisions	1,775.98	584.02
<b>TOTAL</b>	94,183.43	94,958.50
<b>ASSETS</b>		
<b>Investments</b>		
<b>Listed Securities</b>		
Equity Shares	89,861.19	91,275.32
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	33.47	33.44
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	-	-
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>Units of Overseas Mutual Fund</b>	-	-
<b>Foreign Securities</b>	-	-
<b>Total Investments</b>	89,894.66	91,308.76
<b>Deposits</b>	316.91	149.03
<b>Other Current Assets</b>		
Cash and Bank Balance	218.54	241.13
CBLO/ Revesre REPO Lending	3,318.20	2,518.42
Others	435.12	741.16
<b>Deferred Revenue Expenditure</b> (to the extent not written off)	-	-
<b>TOTAL</b>	94,183.43	94,958.50

Notes to Accounts - Annexure I

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

**Alpa Kedia**  
Partner  
Membership No. -100681

Place: Mumbai  
Date: April 25, 2016

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

**Y. M. Deosthalee**  
Director

**Hemant Joshi**  
Director

Place : Mumbai  
Date: April 25, 2016

**For L&T Investment Management Limited**

**R. Shankar Raman**  
Director

**S.N. Lahiri**  
Fund Manager  
**Vikram Chopra**  
Fund Manager

Place : Mumbai  
Date: April 25, 2016

**Mr. P.H. Ravikumar**  
Director

**Mr. Praveen Ayathan**  
Fund Manager  
**Abhijeet Dakshikar**  
Fund Manager

Place : Mumbai  
Date: April 25, 2016

**Kailash Kulkarni**  
Chief Executive Officer

**Venugopal Manghat**  
Fund Manager  
**Rajesh Pherwani**  
Fund Manager

Place : Mumbai  
Date: April 25, 2016

## Abridged Audited Revenue Account for the year ended March 31, 2016

	(Rs. In Lakhs)	
	L&T India Special Situations Fund	
	April 01, 2015 to March 31, 2016	April 01, 2014 to March 31, 2015
<b>INCOME AND GAINS</b>		
Dividends	1,256.54	1,076.84
Interest	201.67	203.10
Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
Realised Gain / (Loss) on Interscheme sale of Investments	-	-
Realised Gain / (Loss) on External Sale / Redemption of Investments	5,653.45	12,026.78
Realised Gain/(Losses) on Derivative Transactions	-	-
Miscellaneous Income	16.73	35.28
<b>TOTAL (A)</b>	<b>7,128.39</b>	<b>13,342.00</b>
<b>EXPENSES</b>		
Investment Management Fees	1,900.05	1,241.79
Service Tax on Investment Management Fees	264.36	153.49
Transfer Agent Fees and Expenses	118.57	117.68
Custodian Fees and Expenses	7.12	6.51
Trusteeship Fees and Expenses	0.22	0.21
Audit Fees	2.75	2.75
Selling and Distribution Expenses	59.73	496.71
Marketing and Publicity Expenses	1.36	9.41
Investor Education & Awareness	19.00	15.97
Listing Fees and Expenses	-	-
Other Operating Expenses	20.94	26.21
Less: Expenses to be Reimbursed by the Investment Manager	4.92	20.67
<b>TOTAL (B)</b>	<b>2,389.18</b>	<b>2,050.06</b>
<b>Net Realised Gains / (Losses) for the Year (A-B=C)</b>	<b>4,739.21</b>	<b>11,291.94</b>
Net Change in Unrealised Depreciation in Value of Investments (D)	-	-
<b>Net Gains / (Losses) for the Year (E=C-D)</b>	<b>4,739.21</b>	<b>11,291.94</b>
Net Change in Unrealised Appreciation in Value of Investments (F)	(12,392.71)	17,688.58
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR (E + F = G)</b>	<b>(7,653.50)</b>	<b>28,980.52</b>
Add : Balance transfer from Unrealised Appreciation	-	-
Less : Balance transfer to Unrealised Appreciation	12,392.71	(17,688.58)
Add / (Less) : Income Equalisation Reserve	3,421.03	4,866.37
Add : Balance Transferred from Unit Premium Reserve	-	-
Add : Balance Transferred from Reserve Fund	72,632.71	60,444.48
<b>Total</b>	<b>80,792.95</b>	<b>76,602.79</b>
<b>Dividend Appropriation</b>		
Prior Period Dividend Distribution		
Prior Period Dividend Distribution Tax thereon		
Dividend Distributions	-	(3,970.10)
Dividend Distribution Tax thereon	-	-
<b>Retained Surplus/(Deficit) carried forward to Balance sheet</b>	<b>80,792.95</b>	<b>72,632.69</b>

Notes to Accounts - Annexure I

For Price Waterhouse	For L&T Mutual Fund Trustee Limited	For L&T Investment Management Limited		
Firm Registration Number - 301112E Chartered Accountants				
<b>Alpa Kedia</b> Partner Membership No. -100681	<b>Y. M. Deosthalee</b> Director	<b>R. Shankar Raman</b> Director	<b>Mr. P.H. Ravikumar</b> Director	<b>Kailash Kulkarni</b> Chief Executive Officer
	<b>Hemant Joshi</b> Director	<b>S.N. Lahiri</b> Fund Manager	<b>Mr. Praveen Ayathan</b> Fund Manager	<b>Venugopal Manghat</b> Fund Manager
		<b>Vikram Chopra</b> Fund Manager	<b>Abhijeet Dakshikar</b> Fund Manager	<b>Rajesh Pherwani</b> Fund Manager
Place: Mumbai	Place : Mumbai	Place : Mumbai	Place : Mumbai	Place : Mumbai
Date: April 25, 2016	Date: April 25, 2016	Date: April 25, 2016	Date: April 25, 2016	Date: April 25, 2016



Key Statistics for the year ended March 31, 2016

	L&T India Special Situations Fund	
	Current Year ended March 31, 2016	Previous Year ended March 31, 2015
1. NAV per unit (Rs.):		
<b>Open</b>		
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
<b>High</b>		
Growth Option	37.544	37.500
Dividend Option	28.445	32.054
Direct Growth Option	38.205	38.032
Direct Dividend Option	29.015	32.526
<b>Low</b>		
Growth Option	29.786	24.205
Dividend Option	22.566	20.689
Direct Growth Option	30.431	24.394
Direct Dividend Option	23.111	20.862
<b>End</b>		
Growth Option	33.008	35.777
Dividend Option	25.008	27.106
Direct Growth Option	33.744	36.306
Direct Dividend Option	25.627	27.573
2. Closing Assets Under Management (Rs. in Lakhs)		
End	92,407	94,374
Average (AAuM)	95,008	79,820
3. Gross income as % of AAuM <sup>1</sup>	7.50%	16.72%
4. Expense Ratio:		
<b>a. Total Expense as % of AAuM (plan wise)</b>		
Regular Plan	2.53%	2.58%
Direct Plan	1.79%	1.87%
<b>b. Management Fee as % of AAuM (plan wise)</b>		
Regular Plan	2.01%	1.56%
Direct Plan	1.49%	1.47%
5. Net Income as a percentage of AAuM <sup>2</sup>	4.99%	14.15%
6. Portfolio turnover ratio <sup>3</sup>	0.31	0.50
7. Total Dividend per unit distributed during the year (plan wise)		
Dividend - Plan	-	3.50
Direct Plan Dividend Option	-	3.50
8. Returns:		
<b>a. Last One Year</b>		
<b>Scheme</b>		
Growth Option	-7.72%	47.70%
Direct Plan - Growth Option	-7.04%	48.73%
<b>Benchmark</b>	-7.84%	31.93%
<b>b. Since Inception</b>		
<b>Scheme</b>		
Growth Option	12.87%	15.47%
Direct Plan - Growth Option	14.84%	26.21%
<b>Benchmark</b>	9.90%	12.12%
<b>Benchmark (Direct Plan)</b>	9.24%	17.87%
<b>Benchmark Index</b>		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

### 1. Annexure I to the Abridged Balance Sheet and Revenue Account for the year ended March 31, 2016

- 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, 2016 and March 31, 2015 was NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2016 was as under -

#### L&T India Special Situations Fund

Issuer	Instrument Type	Amount (Rs.)	Aggregate Investments by all schemes (Rs.)
		March 31, 2016	March 31, 2016
Larsen & Toubro Limited	Equity	283,856,110	2,955,836,357
Bharat Forge Limited	Equity	231,633,430	407,851,203

- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2016 and March 31, 2015.
- 1.5. There were no Non-Performing Assets as at March 31, 2016 and March 31, 2015.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year March 31, 2016 and March 31, 2015 are as under :

Scheme Name / Security Type	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	As at March 31, 2016		As at March 31, 2015	
<b>L&amp;T India Special Situations Fund</b>				
<b>Equity Shares</b>				
- Appreciation	2,155,240,275	23.32%	3,243,854,256	34.37%
- Depreciation	297,226,796	3.22%	146,565,994	1.55%
<b>Bonds &amp; Debentures</b>				
- Appreciation	3,347,338	0.04%	3,343,515	0.04%
- Depreciation	-	-	-	-

- 1.7. The aggregate value of securities purchased and sold during the financial year March 31, 2016 and March 31, 2015 is as below :

Scheme Name	Purchases (Rs.)	Percentage of average daily net assets	Sales (Rs.)	Percentage of average daily net assets
	2015-16			
L&T India Special Situations Fund	3,485,788,560	36.69%	2,953,272,143	31.08%
L&T India Special Situations Fund	6,439,653,445	80.68%	6,285,791,686	78.75%

- 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, 2016		As at March 31, 2015	
<b>L&amp;T India Special Situations Fund</b>				
Equity Shares	-	-	1,679,857	0.02%

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, 2015 to March 31, 2016	0.74	0.32	0.02	0.21
L&T Finance Ltd	Group Company	April 01, 2015 to March 31, 2016	-	-	0.00 ~	-
L&T Capital Markets Limited	Associate Company	April 01, 2015 to March 31, 2016	8.59	3.67	0.14	1.76

(-) - Indicates less than 0.01

3 There were no Unitholders over 25% of the NAV of the Scheme as at March 31, 2016 and March 31, 2015.

4 Unit Capital movement during the years ended March 31, 2016 and March 31, 2015 (Refer Annexure II)

### L&T India Special Situations Fund

Description	Opening Units	Subscription	Redemption	Closing Units	Face value
Regular Plan Growth Option	170,265,356.437	46,688,358.700	28,695,764.015	188,257,951.122	1,882,579,511
Regular Plan DividendOption	115,987,967.130	11,741,384.686	16,216,690.156	111,512,661.660	1,115,126,617
Direct Plan Growth Option	4,886,648.242	1,483,497.301	373,750.529	5,996,395.014	59,963,949
Direct Plan DividendOption	888,754.383	614,488.993	108,141.642	1,395,101.734	13,951,017
<b>2014-15</b>					
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 DividendOption	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 DividendOption	538,256.931	422,646.380	72,148.928	888,754.383	8,887,544

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, 2016 and March 31, 2015.

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 25th April 2016. 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 2015-16 have been disclosed on [www.Intmf.com](http://www.Intmf.com) and in full Annual Report for financial year 2015-16.

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

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Unit: L&T Mutual Fund

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***L&T Mutual Fund***

