

Abridged Annual Report 2017-2018

Sponsor

L&T Finance Holdings Limited

Registered Office:
Brindavan, Plot no. 177, CST Road, Kalina,
Santacruz (East), Mumbai - 400 098

Trustee

L&T Mutual Fund Trustee Limited

Registered Office:
Brindavan, Plot no. 177, CST Road, Kalina,
Santacruz (East), Mumbai - 400 098

Asset Management Company

L&T Investment Management Limited

Registered Office:
Brindavan, Plot no. 177, CST Road, Kalina,
Santacruz (East), Mumbai - 400 098

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
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. M.V. Nair
Ms. Anisha Motwani
Mr. Dinanath Dubhashi

L&T Mutual Fund Trustee Limited

Mr. Shailesh Haribhakti
Mr. Hemant Y. Joshi
Mr. V. Natarajan
Mr. Rajesh Gupta

L&T Business Cycles Fund

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www.ltfs.com

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L&T Financial Services
Mutual Fund

Trustees' Report

Report from L&T Mutual Fund Trustee Limited to the unit holders of L&T Business Cycles Fund ("the Scheme") of L&T Mutual Fund

We have pleasure in presenting the twenty-second Annual Report of L&T Mutual Fund ("LTMF") viz. L&T Business Cycles Fund for the Financial Year ended March 31, 2018 along with the audited financial statement of the Scheme for that period.

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 54% of the total assets under management.

As of March 31, 2018, LTMF had 39 Schemes which comprised 14 open - ended equity schemes, 13 open - ended debt / fixed income schemes and 12 close-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 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, L&T Equity Savings Fund and 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 Banking and PSU Debt 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.

* In order to comply with the requirement of ELSS 2005 guidelines, further subscription/ switch-in into the scheme is restricted with effect from November 23, 2012.

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

The close - ended schemes include L&T Long Term Advantage Fund – I & L&T Emerging Opportunities Fund - Series 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, 2018 is as follows:

- AUM (Rs. in crores): 971.80
- NAV (in Rs.):

Direct Plan - Dividend Option	15.599
Direct Plan - Growth Option	16.652
Dividend Option	15.218
Growth Option	16.265

Name of the Scheme	CAGR Returns (%) (Period)			Date of Inception of the Scheme	Since Inception	
	1 year	3 year	5 year		CAGR Returns (%)	PTP Returns* (in Rs.)
L&T Business Cycles Fund - Regular Plan (G)	12.54%	9.53%	NA	20/Aug/2014	14.45%	16,268.00
S&P BSE 200 TRI	12.49%	9.31%	NA		10.72%	14,438.46
S&P BSE Sensex TRI [^]	12.70%	7.14%	NA		7.81%	13,114.16
L&T Business Cycles Fund - Direct Plan (G)	13.28%	10.24%	NA	20/Aug/2014	15.20%	16,654.00
S&P BSE 200 TRI	12.49%	9.31%	NA		10.72%	14,438.46
S&P BSE Sensex TRI [^]	12.70%	7.14%	NA		7.81%	13,114.16

Past performance may or may not be sustained in the future. *Point to Point (PTP) Returns in INR show the value of Rs.10,000/- invested. [^]Standard Benchmark

Note:

As per the SEBI standards for performance reporting, the since inception return is calculated on NAV of Rs. 10/- invested at inception. CAGR is compounded annualized return. Date of inception is deemed to be date of allotment.

- a. Performance data is as on 31st March 2018.
- b. Different plans shall have a different expense structure.
- c. The performance details have been provided for Regular and Direct Plan separately.
- d. NA: Not Applicable

(ii) FUTURE MARKET OUTLOOK

Equity Market Overview and Outlook

Nifty 50 Index ("Nifty") ended March 2018 with 10.2% gains as it wiped out majority of its gains in last quarter of financial year 2018. The financial year 2018 started on back of a strong performance of Indian equity indices. Equity as an asset class performed well across global markets. Low bond yields, weak real estate market, stagnant gold prices made domestic money flock to equity markets. Given the low penetration of financial assets in India, this trend can last longer.

Further to geopolitical tension, there were factors that kept a leash on positive sentiments like teething issues while implementation of GST and disruption which followed as some domestic businesses saw benign demand environment. So the year was split in four parts, the first was a rally from the low made

towards the start of fiscal year which saw an 11.1% rise in Nifty by end of July 2017. This was followed by market consolidation till November 2017. Nifty then rallied by 8.9% from start of December till end of January 2018 as BJP victory in Gujarat and Haryana aided sentiment along with GST cut on some items, PSU Banks rallied on government's recapitalization plans. This was followed by a market correction which saw the Nifty drop (-8.2%) till March 2018 in anticipation of rising crude oil prices and inflation. There was significant Foreign Institutional Investor ("FII") selling during this phase on back of Introduction of Long term capital gain tax (LTCG) in the budget, widening trade deficit and the unraveling of banking fraud.

Valuations on a one year forward basis have moderated compared to historical levels given that earnings growth is likely to be strong on a low base. In fact, for the last three years, earnings growth has been negligible. In the last two year periods earnings have been impacted by several factors like demonetization, GST implementation, slowdown in discretionary consumption especially because of supply side disruption and slow pick up in rural economy. The point of change for Indian market was the comeback of the domestic investor during this period. Domestic flows outpaced FII flows in last three years. In FY18, DIIs were significant buyers at \$17.7Bn, as against \$4.5b in FY17. Midcaps have struggled over the last few months, resulting in its underperformance versus large-caps. Over the last 12 months, midcaps have delivered 9% returns, as against 10.2% by the Nifty. However, over the last five years, midcaps have outperformed the Nifty by 75%. Real Estate (+39%), Private Banks (+24%), Technology (+17%), NBFC (+14%) and Metals (+13%) were the top outperformers for FY18. Healthcare (-14%), PSU Banks (-7%) and Utilities (-7%) were the laggards in FY18

Indian economy has started to recover from the cyclical and structural bottlenecks witnessed over the past two years as reflected in data and with improving corporate earnings. We can expect the economy to recover gradually in FY2019 as GST related disruptions smoothens and as consumption improves amid stable wages and expected payouts from states' implementation of 7th pay commission. Revival of consumption driven by rural wage growth, good monsoon, healthy MSP and higher visibility of direct benefit transfer are other positives. While the ongoing gradual improvement in private investment continues to provide hope of a revival in the capex cycle and improving global growth prospects is further expected to support growth. We can expect volatility at elevated levels in Fiscal 2019 especially given the market concerns about a potential global trade war after US initiated tariff actions on imports from certain countries. It looks like markets will continue to closely monitor election outcomes in few key states over next few quarters. Markets have something to cheer about with evidence of demand revival in select pockets points towards bottoming of macro data. We expect the economy to recover in Fiscal year 2019 as GST related disruption smoothens and consumption revives on back of normal monsoon, MSP hike and implementation of pay commission. After the recent correction valuations are now trading below long term average, with earnings bottoming out and cooling of bond yields things looked favorable for equity investments in India.

Debt Market Overview and Outlook

Indian government bonds had a very volatile year as far as FY 18 is concerned. The yield on the 10yr traded in the range of 6.85 to 7.00% after the Feb 2016 MPC policy in which the MPC decided to change the stance from accommodative to neutral. Since then yields on 10yr rallied from 7% to 6.4% as the actual CPI in the first half tracked much lower than the RBI projections of 4.5% and MPC reduced repo rate from 6.25% to 6% in the August policy keeping the stance neutral. The second half of FY 18 saw steep increases in the yields on 10year Gilts from 6.40% to 7.75% as surplus liquidity in the system came down due to higher currency in circulation, OMO sales done by RBI to suck out excess liquidity caused during demonetization, 2nd half inflation trajectory moving higher due implementation of HRA for central government employees and higher crude oil prices, upward movements in US rates, lower than expected GST number, Govt. announcement of additional market borrowings as it missed its fiscal deficit target and lower demand from Govt. bonds from banks.

March saw a much needed positive turnaround in the bond market, with the 10 year benchmark government bond (gsec) peaking at 7.78% in the first week of march, and gradually trending lower to finally end the month with a sharp rally towards 7.40%. With food prices collapsing, CPI for February surprised on the downside at 4.44% vs 4.70% expected by the market.

The biggest concern for the market has however been the demand supply mismatch for the FY19 borrowing program of GoI. With FinMin clearly taking up this cause (belatedly) and having multiple meetings with various bond market players, market expectations of meaningful action on this front started building up. Finally, towards the end of the month, the actual borrowing calendar turned out to be a huge positive surprise, with H1 borrowings cut down significantly versus expectations and importantly, issuance skewed towards the front end of the curve, thereby making the H1 supply very manageable. RBI allowing banks to spread over the losses on their HFT and AFS book in the 3rd and 4th qtr over 4 quarters also came as a huge relief to the banks. RBI increased the FPI limits from 5% to 6% over the next 2 years which is also a positive from the demand supply dynamics.

The 10yr Gsec has seen a extreme volatility in the first 2 weeks of April moving down from 7.40% to 7.10% in the first week of April based on positive news from Government and RBI. Markets however could not hold on to those levels retracing back to 7.50% in 3 trading sessions. We would caution investors not to get too carried away by any positive exuberance in bond markets and maintain fund allocations strictly within their risk appetite and limits, as this year we are likely to see wild swings in market expectations from one extreme to the other. From a medium term perspective, we believe the 10 year gsec yield is likely to hover in the 7.25-8% range in FY19. In the accrual fund segment, we believe the sweet spot continues to be the AA space, where yields are still quite attractive and credit risks well contained.

(iii) Operations, Sales Offices and Investor Services:

LTMF services its investors through its network of 64 equipped sales offices of which applications are accepted at 38 investor service centres and at other locations (around 205) applications are accepted by Computer Age Management Services Private Limited, the Registrar and Transfer Agent to the Schemes of LTMF ("CAMS").

(iv) Dividend:

After considering the availability and adequacy of distributable surplus under the Schemes, dividends were declared under the Schemes as per the provisions contained in the respective scheme information documents.

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

(a) Sponsor

L&T Finance Holdings Limited ("LTFH") (along with its nominees) holds 100% shareholding in L&T Investment Management Limited ("LTMIL") and L&T Mutual Fund Trustee Limited ("LTMFTL") and is the Sponsor of the Trust. LTFH carries out responsibilities as provided in the SEBI Regulations.

L&T Finance Holdings Limited:

L&T Finance Holdings Limited (LTFH) was incorporated by Larsen & Toubro Limited ("L&T") on May 1, 2008, with the strategic intent of holding all the investments of the L&T Group in the financial services businesses. It is registered with the Reserve Bank of India ("RBI") under Section 45-IA of the RBI Act, 1934, as a Non-Banking Financial Company -Core Investment Company. The equity shares of LTFH are listed on the BSE Limited and National Stock Exchange of India Limited.

LTFH is a listed, financial holding company offering a diverse range of financial products and services through its wholly-owned subsidiaries in the following businesses:

- Rural-Farm Equipment, Two Wheelers and Microfinance

- Housing-Home Loans, Loan Against Property and Real Estate Finance
- Wholesale-Infrastructure Finance, Structured Corporate Finance and Supply Chain Finance
- Investment Management
- Wealth Management

(b) **Trust**

LTMF

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 need 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.

(c) **Trustee Company**

L&T Mutual Fund Trustee Limited

L&T Mutual Fund Trustee Limited is a limited company incorporated under the Companies Act, 1956 on April 30, 1996 having registered office at Brindavan, Plot no. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098.

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.

(d) **Asset Management Company (AMC)/ Investment Manager**

L&T Investment Management Limited ("LTIML")

LTIML is a limited company incorporated under the Companies Act, 1956 on April 25, 1996 having registered office at Brindavan, Plot no. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098.

L&T Investment Management Limited has been appointed as the Asset Management Company of LTMF by L&T Mutual Fund Trustee Limited vide Investment Management Agreement (IMA) dated 23rd October 1996 (as amended from time to time).

3. **Investment Objective of the Scheme**

The investment objective of the Scheme is to seek to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related securities, including equity derivatives, in the Indian market with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy. The Scheme would aim to deploy the business cycles approach to investing by identifying such economic trends and investing in the sectors and stocks that are likely to outperform at any given stage of business cycle in the economy. The performance of the Scheme is benchmarked against S&P BSE 200 TRI Index.

4. **Significant Accounting Policies**

Accounting policies are in accordance with the SEBI Regulations.

5. **Details of Unclaimed Dividend and Redemptions**

Unclaimed dividend and redemption amounts in the schemes of LTMF as on March 31, 2018 are as follows:

Unclaimed Dividend		Unclaimed Redemption	
Number of Investors	Amount (Rs.)	Number of Investors	Amount (Rs.)
0	0.00	8	8,96,489.88

6. **Redressal of Complaints received against LTMF during 2017-2018:**

Unit holders are requested to refer **Annexure I** for the same.

7. **Statutory Information:**

- The Sponsor/ Settlor are 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.ltf.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**

Shailesh Haribhakti
Director
Place: Mumbai
Date: April 26, 2018

Hemant Joshi
Director

Redressal of Complaints received against L&T Mutual Fund during 2017-2018

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		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non-receipt of Dividend on Units	0	10	8	0	0	0	2	0	0	0
I B	Interest on Delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0
I C	Non-receipt of Redemption Proceeds	0	34	21	2	3	0	8	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0
II A	Non-receipt of Statement of Account/ Unit Certificate	0	23	13	3	1	0	6	0	0	0
II B	Discrepancy in Statement of Account	0	10	8	1	0	0	1	0	0	0
II C	Data corrections in Investor details	0	259	258	0	0	0	1	0	0	0
II D	Non-receipt of Annual Report/Abridged Summary	0	1	0	0	1	0	0	0	0	0
III A	Wrong switch between Schemes	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
III C	Deviation from Scheme attributes	0	2	0	1	0	0	1	0	0	0
III D	Wrong or excess charges/load	0	1	1	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	33	23	3	2	0	4	1	0	0
IV	Others	3	646	528	38	17	0	62	4	0	0
TOTAL		3	1020	861	48	24	0	85	5	0	0

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 the undernoted schemes of L&T Mutual Fund (the "Schemes"), which comprise the Balance Sheet as at March 31, 2018, and the related Revenue account and Cash Flow Statement, where applicable, for the year/period mentioned below, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Schemes	Year / Period
L&T Infrastructure Fund	April 1, 2017 to March 31, 2018
L&T Midcap Fund	April 1, 2017 to March 31, 2018
L&T Tax Saver Fund	April 1, 2017 to March 31, 2018
L&T Long Term Advantage Fund – I	April 1, 2017 to March 31, 2018
L&T Equity Fund	April 1, 2017 to March 31, 2018
L&T India Special Situations Fund	April 1, 2017 to March 31, 2018
L&T Tax Advantage Fund	April 1, 2017 to March 31, 2018
L&T India Prudence Fund	April 1, 2017 to March 31, 2018
L&T Dynamic Equity Fund	April 1, 2017 to March 31, 2018
L&T India Value Fund	April 1, 2017 to March 31, 2018
L&T India Large Cap Fund	April 1, 2017 to March 31, 2018
L&T Emerging Businesses Fund	April 1, 2017 to March 31, 2018
L&T Arbitrage Opportunities Fund	April 1, 2017 to March 31, 2018
L&T Business Cycles Fund	April 1, 2017 to March 31, 2018
L&T Equity Savings Fund	April 1, 2017 to March 31, 2018
L&T Emerging Opportunities Fund - Series I	January 29, 2018 to March 31, 2018

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, 2018 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:
- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2018;
 - in the case of the Revenue Account, of the net surplus/deficit for the year/period ended on that date; and
 - in the case of the Cash Flow Statement, where applicable, of the cash flows for the year/period ended on that date.

Report on Other Legal and Regulatory Requirement

7. 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 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, 2018, 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 26, 2018

Abridged Audited Balance Sheet as at March 31, 2018

(Rs. In Lakhs)

	L&T Business Cycles Fund	
	March 31, 2018	March 31, 2017
LIABILITIES		
Unit Capital	60,472.02	70,245.68
Reserves and Surplus		
Unit Premium Reserves	(3,781.37)	436.40
Unrealised Appreciation Reserves	30,622.14	25,429.08
Other Reserves	9,866.23	5,470.49
Loans & borrowings	-	-
Current Liabilities and Provisions		
Current Liabilities and Provisions	587.30	402.72
TOTAL	97,766.32	101,984.37
ASSETS		
Investments		
Listed Securities		
Equity Shares	95,649.23	100,020.43
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures and Bonds	-	-
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		
Units of Overseas Mutual Fund		
Foreign Securities		
Total Investments	95,649.23	100,020.43
Deposits	74.41	26.49
Other Current Assets		
Cash and Bank Balance	69.40	90.35
CBLO/ Reverse REPO Lending	1,353.51	1,769.85
Others	619.77	77.25
Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL	97,766.32	101,984.37

Notes to Accounts - Annexure I

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

For L&T Mutual Fund Trustee Limited

Shailesh Haribhakti
Director

Hemant Joshi
Director

For L&T Investment Management Limited

R. Shankar Raman
Director

Dinanath Dubhashi
Additional Director

Kailash Kulkarni
Chief Executive Officer

S.N. Lahiri
Fund Manager

Mr. Praveen Ayathan
Fund Manager

Venugopal Manghat
Fund Manager

Karan Desai
Fund Manager

Shriram Ramanathan
Fund Manager

Vihang Naik
Fund Manager

Jalpan Shah
Fund Manager

Place: Mumbai
Date: April 26, 2018

Abridged Audited Revenue Account for The Year Ended March 31, 2018

(Rs. In Lakhs)

	L&T Business Cycles Fund	
	April 01, 2017 to March 31, 2018	April 01, 2016 to March 31, 2017
INCOME AND GAINS		
Dividends	965.86	1,003.06
Interest	85.53	165.62
Realised Gain / (Loss) on Foreign Exchange Transactions	-	-
Realised Gain / (Loss) on Interscheme sale of Investments	-	-
Realised Gain / (Loss) on External Sale / Redemption of Investments	8,303.72	7,713.86
Realised Gain / (Losses) on Derivative Transactions	-	-
Miscellaneous Income	55.74	146.19
TOTAL (A)	9,410.85	9,028.73
EXPENSES		
Investment Management Fees	2,107.90	2,268.56
Service Tax on Investment Management Fees	363.27	338.35
Transfer Agent Fees and Expenses	96.40	116.81
Custodian Fees and Expenses	7.85	8.48
Trusteeship Fees and Expenses	0.11	0.19
Audit Fees	1.00	1.28
Selling and Distribution Expenses	75.04	43.63
Marketing and Publicity Expenses	1.52	1.25
Printing and Postage Expenses	6.14	6.26
Investor Education & Awareness	20.28	22.06
Listing Fees and Expenses	-	-
Other Operating Expenses	14.50	5.90
(Less) : Expenses to be Reimbursed by the Investment Manager	-	-
TOTAL (B)	2,694.01	2,812.77
Net Realised Gains / (Losses) for the Year (A-B=C)	6,716.84	6,215.96
Net Change in Unrealised Depreciation in Value of Investments (D)	-	-
Net Gains / (Losses) for the Year (E=C-D)	6,716.84	6,215.96
Net Change in Unrealised Appreciation in Value of Investments (F)	5,193.06	23,825.18
NET SURPLUS/(DEFICIT) FOR THE YEAR (E + F = G)	11,909.90	30,041.14
Add : Balance transfer from Unrealised Appreciation	-	-
Less : Balance transfer to Unrealised Appreciation	(5,193.06)	(23,825.18)
Add / (Less) : Income Equalisation Reserve	(777.62)	(921.34)
Add : Balance Transferred from Unit Premium Reserve	-	-
Add : Balance Transferred from Reserve Fund	5,470.49	175.87
Total	11,409.71	5,470.49
Dividend Appropriation		
Prior Period Dividend Distribution		
Prior Period Dividend Distribution Tax thereon		
Dividend Distributions	(1,543.48)	-
Dividend Distribution Tax thereon	-	-
Retained Surplus/(Deficit) carried forward to Balance sheet	9,866.23	5,470.49

Notes to Accounts - Annexure I

For Price Waterhouse
Firm Registration Number - 301112E
Chartered Accountants

For L&T Mutual Fund Trustee Limited

Alpa Kedia
Partner
Membership No.- 100681

Shailesh Haribhakti
Director

Hemant Joshi
Director

For L&T Investment Management Limited

R. Shankar Raman
Director

Dinanath Dubhashi
Additional Director

Kailash Kulkarni
Chief Executive Officer

S.N. Lahiri
Fund Manager

Mr. Praveen Ayathan
Fund Manager

Venugopal Manghat
Fund Manager

Karan Desai
Fund Manager

Shriram Ramanathan
Fund Manager

Vihang Naik
Fund Manager

Jalpan Shah
Fund Manager

Place: Mumbai
Date: April 26, 2018

Key Statistics for the year ended March 31, 2018

	L&T Business Cycles Fund	
	Current Year ended March 31, 2018	Previous Year ended March 31, 2017
1. NAV per unit (Rs.):		
Open		
Regular Plan Growth Option	14.455	11.075
Regular Plan Dividend Option	14.455	11.075
Direct Plan Growth Option	14.702	11.195
Direct Plan Dividend Option	14.702	11.195
High		
Regular Plan Growth Option	18.153	14.455
Regular Plan Dividend Option	16.984	14.455
Direct Plan Growth Option	18.556	14.702
Direct Plan Dividend Option	17.383	14.702
Low		
Regular Plan Growth Option	14.586	10.835
Regular Plan Dividend Option	14.178	10.835
Direct Plan Growth Option	14.835	10.953
Direct Plan Dividend Option	14.471	10.953
End		
Regular Plan Growth Option	16.265	14.455
Regular Plan Dividend Option	15.218	14.455
Direct Plan Growth Option	16.652	14.702
Direct Plan Dividend Option	15.599	14.702
2. Closing Assets Under Management (Rs. in Lakhs)		
End	97,179	101,582
Average (AAuM)	101,382	110,316
3. Gross income as % of AAuM ¹	9.28%	8.18%
4. Expense Ratio:		
a. Total Expense as % of AAuM (plan wise)		
Non Direct Plan	2.68%	2.57%
Direct Plan	2.01%	1.95%
b. Management Fee as % of AAuM (plan wise)		
Non Direct Plan	2.09%	2.07%
Direct Plan	1.59%	1.57%
5. Net Income as a percentage of AAuM ²	6.63%	5.63%
6. Portfolio turnover ratio ³	0.25	0.44
7. Total Dividend per unit distributed during the year (plan wise)		
Dividend - Plan	1.00	NA
Direct Plan Dividend Option	1.00	NA
Annual Dividend option	NA	NA
Direct Plan - Annual Dividend option	NA	NA
8. Returns:		
a. Last One Year		
Scheme		
Growth Option	12.54%	30.52%
Direct Plan - Growth Option	13.28%	31.33%
Benchmark	12.49%	22.47%
b. Since Inception		
Scheme		
Growth Option	14.45%	15.14%
Direct Plan - Growth Option	15.20%	15.89%
Benchmark	9.35%	8.68%
Benchmark (Direct Plan)	9.35%	8.68%
Benchmark Index		
	S&P BSE 200 TRI 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.

4. AAuM=Average daily net assets

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, 2018

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, 2018 and March 31, 2017 was NIL.
- 1.3. Investment in Associates and Group Companies as at the year ended March 31, 2018 and March 31, 2017 was as under -

L&T Business Cycles Fund

Issuer	Instrument Type	Amount (Rs.)	Aggregate Investments by all schemes (Rs.)
		March 31, 2018	March 31, 2018
Larsen and Toubro Ltd.	Equity	362,398,305	9,912,586,649

Issuer	Instrument Type	Amount (Rs.)	Aggregate Investments by all schemes (Rs.)
		March 31, 2017	March 31, 2017
Larsen and Toubro Ltd.	Equity	250,094,120	4,157,295,028
Bharat Forge Limited	Equity	56,690,240	676,041,533

- 1.4. There was no open position of Securities Borrowed and/or Lend by the scheme as at March 31, 2018 and March 31, 2017.
- 1.5. There were no Non-Performing Assets as at March 31, 2018 and March 31, 2017.
- 1.6. Aggregate Unrealised Gain / Loss as at the end of the Financial Year March 31, 2018 and March 31, 2017 are as under :

Scheme Name / Security Type	Amount (Rs.)	Percentage to Net Assets	Amount (Rs.)	Percentage to Net Assets
	As at March 31, 2018		As at March 31, 2017	
L&T Business Cycles Fund				
Equity Shares				
- Appreciation	3,121,953,249	32.13%	2,684,600,324	26.43%
- Depreciation	59,739,164	0.61%	141,692,701	1.39%

- 1.7. The aggregate value of securities purchased and sold during the financial year March 31, 2018 and March 31, 2017 is as below :

Scheme Name	Purchases (Rs.)	Percentage of average daily net assets	Sales (Rs.)	Percentage of average daily net assets
2017-18				
L&T Business Cycles Fund	2,523,868,714	24.89%	4,310,667,496	42.52%
2016-17				
L&T Business Cycles Fund	4,811,511,705	43.62%	9,404,315,309	85.25%

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

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

L&T Business Cycles 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. Cr)	% of Total commission paid by the Fund
L & T Finance Ltd.	Associate Company	April 01, 2017 to March 31, 2018	-	-	0.00 ~	-
L&T Access Distribution Services Ltd.	Group Company	April 01, 2017 to March 31, 2018	0.21	0.08	0.00 ~	0.01
L&T Capital Markets Limited	Associate Company	April 01, 2017 to March 31, 2018	10.35	3.77	0.36	3.13

(~) - Indicates less than 1 Lac

- 3 There were no Unitholders over 25% of the NAV of the Scheme as at March 31, 2018 and March 31, 2017.

4 Unit Capital movement during the years ended March 31, 2018 and March 31, 2017.

L&T Business Cycles Fund					
Description	Opening Units	Subscription	Redemption	Closing Units	Face value
2017-18					
Regular Plan Growth Option	517,146,214.610	121,061,191.429	170,895,236.61	467,312,169.429	4,673,121,694
Regular Plan DividendOption	169,827,332.705	23,123,696.41	76,110,999.92	116,840,029.195	1,168,400,292
Direct Plan Growth Option	12,345,572.280	7,693,451.785	2,671,821.310	17,367,202.755	173,672,029
Direct Plan DividendOption	3,137,655.541	909,655.583	846,467.066	3,200,844.058	32,008,441
2016-17					
Regular Plan Growth Option	774,909,570.513	82,041,367.456	339,804,723.359	517,146,214.610	5,171,462,146
Regular Plan DividendOption	267,829,386.045	23,901,309.666	121,903,363.006	169,827,332.705	1,698,273,327
Direct Plan Growth Option	14,659,097.532	3,918,468.499	6,231,993.751	12,345,572.280	123,455,723
Direct Plan DividendOption	13,742,043.076	847,711.828	11,452,099.363	3,137,655.541	31,376,555

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, 2018 and March 31, 2017.

7 Expenses other than management fee are inclusive of GST/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 26th April 2018. 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 2017-18 have been disclosed on www.ltfs.com and in full Annual Report for financial year 2017-18.

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

Book - Post

If undelivered, please return to:

Computer Age Management Services Pvt. Ltd.

Unit: L&T Mutual Fund

New No.10, Old No.178, MGR Salai

Nungambakkam, Chennai 600 034



L&T Financial Services
Mutual Fund

