

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF L&T INVESTMENT MANAGEMENT LIMITED
Report on the Financial Statements**

We have audited the accompanying financial statements of **L&T INVESTMENT MANAGEMENT LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Place: Mumbai
Date: 25 April, 2016



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of the Company as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note".

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 39826)

Place: Mumbai
Date: 25 April, 2016

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) The fixed assets were physically verified during the previous year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 is not applicable.
2. According to the information and explanations given to us, the Company is engaged primarily in services related to asset management services and its activities do not require it to hold any inventories and hence reporting under clause (ii) of the CARO 2016 is not applicable.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
4. According to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
5. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
6. Having regard to the nature of the Company’s business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.
7. According to the information and explanations given to us in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Family Pension Fund, Income Tax, Service-tax and other statutory dues applicable to it with the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Employee’s State Insurance, Sales-tax, Duty of Customs, Duty of Excise, Value Added Tax and Cess during the year.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Family Pension Fund, Income-tax, Service Tax and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.

- c) There were no dues in respect of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, and Value Added Tax or Cess which have not been deposited as on 31st March, 2016 on account of disputes except dues related to Income Tax and Service Tax, details of which are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount Involved Rs. in lac	Amount Unpaid Rs. in lac
Income Tax, 1961	Income Tax	Deputy Commissioner of Income Tax	Assessment year 2011-12	12.05	12.05
Service Tax Rules, 1994	Service Tax	Additional Commissioner of Service Tax	Assessment year 2010-11	14.16	14.16

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions. The Company has not borrowed any sum from banks, government or through debenture issuance.
9. According to the information and explanations given to us the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. According to the information and explanations given to us the Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. According to the information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

16. According to the information and explanations given to us the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

MUMBAI, 25 April, 2016



L&T Investment Management Limited
Balance Sheet as at 31st March, 2016

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,182.43	24,087.54
Reserves and surplus	4	23,862.83	25,220.28
		49,045.26	49,307.82
Non-current liabilities			
Other long term liabilities	5	56.23	11.12
Long term provisions	6	90.88	132.20
		147.11	143.32
Current liabilities			
Trade payables	7		
(i) Total outstanding dues of micro enterprises and small enterprises	36	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,573.05	795.57
Other current liabilities	8	1,167.80	6,523.49
Short term provisions	9	189.71	208.27
		2,930.56	7,527.33
TOTAL		52,122.93	56,978.47
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	10	172.25	244.42
(ii) Intangible assets	11	36,063.36	43,212.94
(iii) Capital work-in-progress		5.10	1.93
(iv) Intangible assets under development		15.87	8.37
		36,256.58	43,467.66
Non-current investments	12	1,337.00	155.00
Long term loans and advances	13	2,948.54	4,048.89
Other non-current assets	14	22.22	199.62
		4,307.76	4,403.51
Current assets			
Current investments	15	6,600.00	3,000.13
Trade receivables	16	988.75	930.25
Cash and cash equivalents	17	247.96	146.02
Short term loans and advances	18	3,448.12	4,746.41
Other current assets	19	273.76	284.49
		11,558.59	9,107.30
TOTAL		52,122.93	56,978.47

See accompanying Notes to the Financial Statements 1 to 38


In terms of our report attached

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants


Sanjiv V. Pilgaonkar
Partner


Mumbai

 Date **25th April, 2016**
For and on behalf of the Board of Directors

R. Shankar Raman
Director
DIN- 00019798


P. H. Ravikumar
Director
DIN- 00280010


Apurva Rathod
Company Secretary


Sandeep Somani
Chief Financial Officer

Mumbai

 Date **25th April, 2016**

L&T Investment Management Limited
Statement of Profit and Loss for the year ended 31st March, 2016

Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
CONTINUING OPERATIONS			
Revenue from operations (net of service tax)	20	24,518.99	12,651.25
Other income	21	398.22	498.66
Total		24,917.21	13,149.91
EXPENSES			
Employee benefit expenses	22	5,148.07	5,162.23
Depreciation and amortisation expenses (other than amortisation of asset management rights and goodwill on amalgamation)	23	300.09	526.42
Other expenses	24	17,606.54	6,915.98
Total		23,054.70	12,604.63
Earnings before amortisation of asset management rights and goodwill on amalgamation, exceptional items and tax		1,862.51	545.28
Amortisation of asset management rights and goodwill on amalgamation	11	7,052.07	7,032.80
Profit / (loss) before tax		(5,189.56)	(6,487.52)
Tax expense:			
(a) Current tax expenses	35	-	-
(b) Deferred tax		-	-
Total		-	-
Profit / (loss) for the year from continuing operations		(5,189.56)	(6,487.52)
Basic and diluted earnings per equity share in Rs.	34	(2.08)	(2.70)
Nominal value per share in Rs.		10.00	10.00

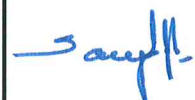
See accompanying Notes to the Financial Statements

1 to 38

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP

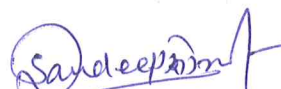
Chartered Accountants


Sanjiv V. Pilgaonkar
Partner


R. Shankar Raman
Director
DIN- 00019798


P. H. Ravikumar
Director
DIN- 00280010


Apurva Rathod
Company Secretary


Sandeep Somani
Chief Financial Officer

Mumbai

 Date **25th April, 2016**


L&T Investment Management Limited

Cash Flow Statement for the year ended 31st March, 2016

(Rs. in Lac)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
Cash flow from operating activities				
Profit / (loss) before tax		(5,189.56)		(6,487.52)
Adjustments for:				
Interest on income tax refund	(34.24)		-	
Depreciation on tangible assets	158.74		290.79	
Amortisation on intangible assets	7,193.42		7,268.43	
Profit on sale of current investments (net)	(356.60)		(496.07)	
Decrease in liability for operating lease obligation	34.55		(234.03)	
Provision for compensated expenses	42.31		89.18	
Provision for gratuity	89.75		126.36	
(Gain) / Loss on disposal of assets (net)	(3.67)		1.72	
		7,124.26		7,046.38
Operating profit/(loss) before working capital changes		1,934.70		558.86
Changes in working capital				
Adjustment for (increase) / decrease in operating assets				
Trade receivables	(58.50)		(444.31)	
Short term loans and advances	1,298.29		(3,566.81)	
Long term loans and advances	1,000.42		(1,361.04)	
Other current assets	10.73		(194.04)	
Other non-current assets	177.40		(178.36)	
Adjustment for increase / (decrease) in operating liabilities				
Long term provisions	(131.07)		(57.21)	
Trade payables	777.48		410.13	
Other current liabilities	(348.94)		(125.20)	
Short term provisions	(60.87)		(19.87)	
		2,664.94		(5,536.71)
Cash generated/ (used) in operations		4,599.64		(4,977.85)
Net taxes refunded		133.90		486.09
Net cash generated from / (used in) operating activities (A)		4,733.54		(4,491.76)
Cash flows from investing activities				
Purchase of fixed assets	(141.95)		(250.50)	
Proceeds on sale of tangible assets	8.62		1.29	
Purchase of current investments in mutual funds	(46,515.00)		(55,995.98)	
Proceeds on redemption of current investments in mutual funds	43,271.73		60,341.91	
Purchase of non-current investments in equity shares	-		(5.00)	
Purchase of non-current investments in mutual funds	(1,182.00)		(150.00)	
Net cash (used in) / generated from investing activities (B)		(4,558.60)		3,941.72



Cash Flow Statement for the year ended 31st March, 2016

(Rs. in Lac)

Particulars	For the year ended 31st March, 2016		For the year ended 31st March, 2015	
Cash flows from financing activities				
Repayment of advance from Holding Company	(5,000.00)		-	
Proceeds from issue of share capital	4,927.00		501.82	
Net cash (used in) / generated from financing activities (C)		(73.00)		501.82
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		101.94		(48.22)
Cash and cash equivalents as at beginning of the year (Refer Note 17)		146.02		194.24
Cash and cash equivalents as at end of the year		247.96		146.02
Cash and cash equivalents comprise:				
Cash on hand		1.48		2.98
Balance with banks in current account		246.48		143.04
Total		247.96		146.02

See accompanying Notes to the Financial Statements


1 to 38

Footnote: Interest received on income tax refund Rs. 34.24 lac (previous period Rs. Nil) has been adjusted in determining net cash generated from / (used in) operating activities.


In terms of our report attached.


For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

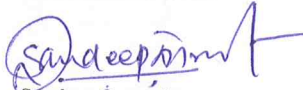

Sanjiv V. Pilgaonkar
Partner

For and on behalf of the Board of Directors


R. Shankar Raman
Director
DIN- 00019798


Apurva Rathod
Company Secretary


P. H. Ravikumar
Director
DIN- 00280010


Sandeep Somani
Chief Financial Officer

Mumbai

Date: 25th April, 2016

Mumbai

Date: 25th April, 2016

Notes to the Financial statements

1 Background

L&T Investment Management Limited (the "Company") is a public company domiciled in India which, as at 31st March, 2016, is a wholly owned subsidiary of L&T Finance Holdings Limited.

The Company's principal activity is to act as an investment manager to L&T Mutual Fund (the "Fund") and to provide Portfolio Management Services ("PMS") to clients under Securities and Exchange Board of India ("SEBI") (Portfolio Managers) Regulations, 1993. The Company is registered with Securities and Exchange Board of India ("SEBI") under the SEBI (Mutual Funds) Regulations, 1996 (the "SEBI" regulation). The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 23rd October, 1996.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of "current" and "non-current" classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

3 Tangible assets & depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in working condition for its intended use.

Depreciation is provided on a straight line basis as per the useful lives prescribed in Schedule II to the Companies Act, 2013, except:

(A) Fixed assets costing less than Rs. 5,000 are fully depreciated in the year of purchase and

(B) A lower useful life of 6.67 years has been considered for Vehicles after taking into account the nature of the asset, the estimated usage of the asset, past history of replacement, etc.

2.4 Intangible assets & amortisation

Intangible assets are valued at cost less amortisation. These generally comprise costs incurred to acquire computer software licenses, implementing the software for internal use (including software coding, installation, testing and certain data conversion), the asset management rights ("AMR") acquired and goodwill on amalgamation. Software licenses are being amortised over their useful lives which is estimated at 3 years. The AMR and goodwill on amalgamation are being amortised on a straight line basis over a period of 10 years and 5 years respectively.



L&T Investment Management Limited

Notes to the Financial statements

2.5 Impairment of assets

The carrying value of assets at each balance sheet date is reviewed for impairment, if any indication of impairment exists. The intangible assets that are not yet available for use are tested for impairment each financial year even if there is no indication that the asset is impaired. The recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. Cost of investments includes acquisition charges such as brokerage, fees and duties. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Revenue recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

Investment management fees

Investment management fees are recognised on an accrual basis in accordance with the Investment Management Agreement and SEBI Regulations, based on average assets under management ("AUM") of L&T Mutual Fund schemes, over the period of the agreement in terms of which, services are performed.

Portfolio management fees

Portfolio management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

Investment management fees and portfolio management fees recognised as aforesaid are exclusive of service tax.

Gain or loss on sale of investments

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

Other income

Interest income is accounted on accrual basis by taking into account, the amount outstanding in the financial instrument and applicable interest rate. Dividend income is accounted for when the right to receive it is established.



Notes to the Financial statements

2.8 Employee benefits

A. Short term

Short term employee benefits include salaries, allowances and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

B. Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, by the Company along with its employees.

Defined contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life using the projected unit credit method. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceed the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise.

C. Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

D. Employee share based payments

An Employee Stock Options Scheme (the "Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity shares of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-Based Payments, issued by ICAI. The holding company follows the intrinsic value method to account for its stock based employee compensation plans. The cost incurred by the holding company, in respect of options granted to employees of the Company, is being recovered by them and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.



L&T Investment Management Limited

Notes to the Financial statements

2.9 Foreign currency transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Statement of Profit and Loss. Monetary assets and liabilities in foreign currencies as at the balance sheet date are valued at closing-date rates, and unrealised translation differences are included in the Statement of Profit and Loss.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.11 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.12 Segment reporting

The Company identifies its primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The Company's operations predominantly relate to providing asset management services. It acts as an investment manager to schemes launched by the Fund. It also provides portfolio management services ('PMS') to certain corporate and high net worth individuals and advisory services.

The fund management services rendered to the Mutual Funds and its PMS have been identified as separate business segments for which whole separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the management in deciding how to allocate resources and assessing performance. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Secondary segment reporting does not require separate disclosure as all activities of the Company are within India.

Segment accounting policies are in line with accounting policies of the Company.



L&T Investment Management Limited

Notes to the Financial statements

2.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

2.14 Cash and cash equivalents (for purposes of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

2.17 Service tax input credit

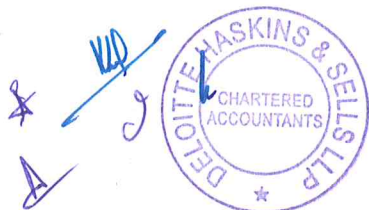
Service tax input credit is recognised in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.18 Commission

All commission costs are accounted on accrual basis.

In respect of open ended schemes, the Company has paid / accrued commission to certain distributors and has the right of recovery of such commission under pre-defined circumstances (which includes investor exit upto the "exit period" of the respective mutual fund scheme). On this account, an asset is recognised at the time of actual payment or amount becoming due for payment and charged evenly to the Statement of Profit and Loss over the exit period of the respective scheme. At each balance sheet date, the asset value is reassessed against the net present value of expected future benefits and the shortfall, if any, is charged to the Statement of Profit and Loss.

Commission paid / accrued in respect of close ended schemes has been amortised over the tenure of such schemes.



3 Share capital

The Company has issued equity share capital, the details in respect of which are given below:

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at 31st March, 2016		As at 31st March, 2015	
	Number	(Rs. in Lac)	Number	(Rs. in Lac)
Authorised				
Equity shares of Rs. 10 each with voting rights	551,257,920	55,125.79	551,257,920	55,125.79
Compulsory convertible preference shares of Rs.100 each	3,300,000	3,300.00	3,300,000	3,300.00
Non-convertible preference shares of Rs.100 each	22,000,000	22,000.00	22,000,000	22,000.00
Non-convertible preference shares of Rs.10 each	650,000,000	65,000.00	650,000,000	65,000.00
Issued				
Equity shares of Rs. 10 each #	311,285,190	31,128.52	311,285,190	31,128.52
Subscribed and Paid-up				
Equity shares of Rs. 10 each fully paid up	251,824,329	25,182.43	240,875,445	24,087.54
Total	251,824,329	25,182.43	240,875,445	24,087.54

Includes 59,460,861 (70,409,745 as at 31st March, 2015) equity shares of Rs 10 each which are issued but not subscribed / allotted.

(a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Number	(Rs. in Lac)	Number	(Rs. in Lac)
Balance at the beginning of the year	240,875,445	24,087.54	235,857,200	23,585.72
Add : Shares issued and subscribed during the year	10,948,884	1,094.89	5,018,245	501.82
Less : Shares bought back during the year	-	-	-	-
Balance at the end of the year	251,824,329	25,182.43	240,875,445	24,087.54

(b) The Company has issued only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

(c) Shares in the Company held by shareholders with more than 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer footnote (d) below)	251,824,329	100%	240,875,445	100%

(d) Shares in the Company held by the holding company

251,824,329 equity shares (240,875,445 as at 31st March, 2015) are held by the holding company, including 7 equity shares (7 as at 31st March, 2015) held by nominees of the holding company where the beneficial ownership is with the holding company.

(e) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding 31st March, 2016.

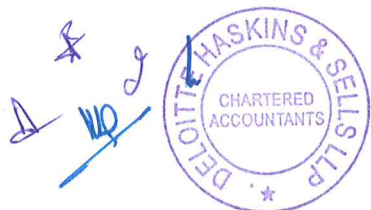


4	Reserves and surplus	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Securities premium account		
	Balance as at the beginning of the year	62,057.28	62,057.28
	Add : Addition during the year	3,832.11	-
	Balance as at the year end	65,889.39	62,057.28
	Surplus / (Deficit) in Statement of Profit and Loss		
	Balance as at the beginning of the year	(36,837.00)	(30,298.46)
	Add: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax - Rs Nil)	-	(51.02)
	Add : Net Profit/(Loss) for the year	(5,189.56)	(6,487.52)
	Balance as at the year end	(42,026.56)	(36,837.00)
	Total	23,862.83	25,220.28
5	Other long term liabilities	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Liability for operating lease obligation (on straight lining - Refer Note 2.13)	56.23	11.12
	Total	56.23	11.12
6	Long term provisions	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Provision for employee benefits- Gratuity (Refer Note 2.8 and 29 B)	90.88	132.20
	Total	90.88	132.20
7	Trade payables	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Sundry creditors for goods and services (Refer Note 36)	1,090.45	0.60
	Accrued expenses- Other liabilities for goods and services (Refer Note 32)	482.60	794.97
	Total	1,573.05	795.57
	The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:		
	Principal amount due and remaining unpaid	-	-
	Interest due on above and the unpaid interest	-	-
	Interest paid	-	-
	Payment made beyond the appointed day during the year	-	-
	Interest due and payable for the period of delay	-	-
	Interest accrued and remaining unpaid	-	-
	Amount of further interest remaining due and payable	-	-

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8	Other current liabilities	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Current maturities of loans and advances from related parties (unsecured) (Refer Note 32)	-	5,000.00
	Liability for operating lease obligation (on straight lining - Refer Note 2.13 and 33)	1.81	12.37
	Statutory dues (including provident fund, withholding taxes, etc.)	97.99	100.10
	Dues to related parties (Refer Note 32)	40.07	372.68
	Payables for fixed assets (Refer Note 32)	7.34	3.53
	Other current liabilities (for goods and services)	962.11	991.99
	Other current liabilities (other than for goods and services) (Refer Note 32)	58.48	42.82
	Total	1,167.80	6,523.49

9	Short term provisions	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Provision for employee benefits - Compensated absences (Refer Note 2.8)	189.71	208.27
	Total	189.71	208.27



(Refer Notes 2.3 and 2.5)

Description	Gross block				Depreciation			(Rs. in Lac)	
	Opening as at 1-Apr-15	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-16	Up to 1-Apr-15	Other adjustments (#)	Charge for the year	On disposals/ retirements during the year	Net book value As at 31-Mar-16
Own assets									
Leasehold improvements	407.12	26.04	323.05	110.11	289.57	-	99.93	323.05	43.66
Computers- Hardware	196.11	53.50	2.01	247.60	142.14	-	30.77	-	74.69
Computers- Server	38.32	2.88	-	41.20	21.62	-	5.53	-	14.05
Furniture and fittings	29.01	0.54	17.19	12.36	17.28	-	4.58	15.93	6.43
Office equipments	94.55	8.56	1.68	101.43	51.06	-	17.15	-	33.22
Vehicles	4.07	-	-	4.07	3.09	-	0.78	-	0.20
Total	769.18	91.52	343.93	516.77	524.76	-	158.74	338.98	172.25

Description	Gross block				Depreciation			(Rs. in Lac)	
	Opening as at 1-Apr-14	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-15	Up to 1-Apr-14	Other adjustments (#)	Charge for the year	On disposals/ retirements during the year	Net book value As at 31-Mar-15
Own assets									
Leasehold improvements	368.35	38.77	-	407.12	83.05	-	206.52	-	117.55
Computers- Hardware	154.19	42.32	0.40	196.11	68.25	48.14	26.13	0.38	53.97
Computers- Server	35.44	2.88	-	38.32	16.21	-	5.41	-	16.70
Furniture and fittings	23.61	5.46	0.06	29.01	5.17	-	12.13	0.02	11.73
Office equipments	80.63	13.92	-	94.55	9.35	2.88	38.83	-	43.49
Vehicles	11.25	-	7.18	4.07	5.55	-	1.77	4.23	0.98
Total	673.47	103.35	7.64	769.18	187.58	51.02	290.79	4.63	244.42

"Other Adjustments" during the financial year 2014-15 represents balance carrying value of tangible fixed assets which have exhausted their estimated useful lives as of 1st April, 2014 and which was adjusted against opening balance in Statement of Profit and Loss under Reserves and Surplus as per the transitional provisions of Schedule II to the Companies Act, 2013.



Intangible assets
(Refer Notes 2.4 and 2.5)

(Refer Notes 2.4 and 2.5)									
Description	Gross block				Amortisation			(Rs. in Lac)	
	Opening as at 01-Apr-15	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-16	Up to 01-Apr-15	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-16	Net book value As at 31-Mar-16
Internally generated (A)	-	-	-	-	-	-	-	-	-
Others (B)									
Own assets									
Software and licences	601.43	43.84	-	645.27	367.38	141.35	-	508.73	136.54
Total (I)	601.43	43.84	-	645.27	367.38	141.35	-	508.73	136.54
Asset management rights	48,655.00	-	-	48,655.00	11,430.98	4,876.16	-	16,307.14	32,347.86
Goodwill on amalgamation	10,855.78	-	-	10,855.78	5,100.91	2,175.91	-	7,276.82	3,578.96
Total (II)	59,510.78	-	-	59,510.78	16,531.89	7,052.07	-	23,583.96	35,926.82
Total (B=I+II)	60,112.21	43.84	-	60,156.05	16,899.27	7,193.42	-	24,092.69	36,063.36
Total (A + B)	60,112.21	43.84	-	60,156.05	16,899.27	7,193.42	-	24,092.69	36,063.36
Description	Gross block				Amortisation			Net book value	
	Opening as at 01-Apr-14	Additions during the year	Disposals / Retirements during the year	Closing as at 31-Mar-15	Up to 01-Apr-14	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-15	As at 31-Mar-15
Internally generated (A)	-	-	-	-	-	-	-	-	-
Others (B)									
Own assets									
Software and licences	425.23	176.20	-	601.43	131.75	235.63	-	367.38	234.05
Total (I)	425.23	176.20	-	601.43	131.75	235.63	-	367.38	234.05
Asset management rights	48,655.00	-	-	48,655.00	6,568.15	4,862.83	-	11,430.98	37,224.02
Goodwill on amalgamation	10,855.78	-	-	10,855.78	2,930.94	2,169.97	-	5,100.91	5,754.87
Total (II)	59,510.78	-	-	59,510.78	9,499.09	7,032.80	-	16,531.89	42,978.89
Total (B=I+II)	59,936.01	176.20	-	60,112.21	9,630.84	7,268.43	-	16,899.27	43,212.94
Total (A + B)	59,936.01	176.20	-	60,112.21	9,630.84	7,268.43	-	16,899.27	43,212.94



12 Non-current Investments

(Refer Note 2.6)

Details of Non-current investments				
Particulars	No. of shares / units		Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Investments (at cost) (unquoted)				
Investments in open ended mutual funds				
L&T Arbitrage Opportunity Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Business Cycle Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Resurgent India Corporate Bond Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Floatin Rate Fund - Direct Plan - Growth	365,789	-	50.00	-
L&T Ultra ST Fund - Direct Plan - Growth	217,696	-	50.00	-
L&T Short Term Opportunities Fund- Direct Plan - Growth	367,947	-	50.00	-
L&T Cash Fund Direct Plan - Growth	4,375	-	50.00	-
L&T Liquid Fund - Direct Plan - Growth	2,585	-	50.00	-
L&T Equity Fund - Direct Plan - Growth	79,561	-	50.00	-
L&T Global Real Assets Fund - Direct Plan - Growth	252,755	-	50.00	-
L&T Dynamic Equity Fund - Direct Plan - Growth	235,213	-	48.00	-
L&T India Large Cap Fund - Direct Plan - Growth	243,072	-	50.00	-
L&T India Prudence Fund - Direct Plan - Growth	255,493	-	50.00	-
L&T India Special Situations Fund - Direct Plan - Growth	140,359	-	50.00	-
L&T India Value Fund - Direct Plan - Growth	383,794	-	96.00	-
L&T Infrastructure Fund - Direct Plan - Growth	245,455	-	27.00	-
L&T Midcap Fund - Direct Plan - Growth	58,207	-	50.00	-
L&T Tax Advantage Fund - Direct Plan - Growth	132,721	-	50.00	-
L&T Flexi Bond Fund - Direct Plan - Growth	331,794	-	50.00	-
L&T Gilt Fund - Direct Plan - Growth	142,010	-	50.00	-
L&T Income Opportunities Fund - Direct Plan - Growth	317,088	-	50.00	-
L&T Low Duration Fund - Direct Plan - Growth	344,758	-	43.00	-
L&T Equity Savings Fund - Direct Plan - Growth	276,932	-	40.00	-
L&T Monthly Income Plan - Direct Plan - Growth	178,522	-	50.00	-
L&T Short Term Income Fund - Direct Plan - Growth	340,894	-	50.00	-
L&T Triple Ace Bond Fund - Direct Plan - Growth	135,208	-	50.00	-
L&T Tax Saver Fund - Direct Plan - Growth	114,239	-	28.00	-
Other Investments				
Investment in equity shares of MF Utilities India Private Limited of Rs 10 each, fully paid up	500,000	500,000	5.00	5.00
Total Non-current investments			1,337.00	155.00
Aggregate value of unquoted investments at cost			1,337.00	155.00



13 Long-term loans and advances	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in Lac)	(Rs. in Lac)
Unsecured, considered good (unless otherwise stated)		
Capital advances	0.65	0.92
Security deposits	368.85	309.74
Other loans and advances -		
Loans and advances to related parties (Refer Note 32)	-	205.13
Prepaid expenses (Refer Note 2.18)	792.90	1,647.30
Advance income tax (net of provision for tax Rs 5.68 Lac; Rs.5.68 Lac as at 31st March, 2015)		
Considered good	1,761.28	1,860.94
Considered doubtful	18.59	18.59
	1,779.87	1,879.53
Less: Provision for doubtful advances	18.59	18.59
	1,761.28	1,860.94
Advance fringe benefit tax (net of provision for tax Rs.309.01 Lac; Rs 309.01 Lac as at 31st March, 2015)	24.86	24.86
Total	2,948.54	4,048.89

14 Other non- current assets (Refer Note 2.18)	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in Lac)	(Rs. in Lac)
Unsecured, considered good (unless otherwise stated)		
Other assets for goods and services	22.22	199.62
Total	22.22	199.62



15 Current investments
(Refer Note 2.6)

Particulars	As at 31st March, 2016	As at 31st March, 2015
	(Rs. in Lac)	(Rs. in Lac)
Current investments (unquoted) (at lower of cost and fair value)		
Investments in open ended mutual funds	6,600.00	3,000.13
Total	6,600.00	3,000.13

Details of current investments				
Particulars	No. of shares / units		Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
Current investments				
<i>Investments in open ended mutual funds</i>				
L&T Liquid Fund Direct Plan - Growth	318,014.0810	156,495.1620	6,600.00	3,000.13
			6,600.00	3,000.13
Total current investments			6,600.00	3,000.13
Aggregate value of unquoted investments at cost			6,600.00	3,000.13



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16	Trade receivables	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Unsecured, considered good (unless otherwise stated)		
	Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
	Others (Refer Note 32)	988.75	930.25
	Total	988.75	930.25

17	Cash and cash equivalents (Refer Note 2.14)	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Cash and cash equivalents (as per AS 3- Cash Flow Statement)		
	Cash on hand	1.48	2.98
	Cheques on hand	-	-
	Balances with banks - in current accounts	246.48	143.04
	Total	247.96	146.02

18	Short term loans and advances	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Unsecured, considered good (unless otherwise stated)		
	Security deposits	40.47	304.13
	Service tax asset (net of service tax liability)	257.88	85.02
	Other loans and advances -		
	Loans and advances to related parties (Refer Note 32)	0.70	346.29
	Loans and advances to vendors and employees	156.41	108.50
	Prepaid expenses (Refer Note 2.18)	2,992.66	3,902.47
	Total	3,448.12	4,746.41

19	Other current assets (Refer Note 2.18)	As at 31st March, 2016	As at 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Unsecured, considered good (unless otherwise stated)		
	Other assets for goods and services	273.76	284.49
	Total	273.76	284.49



20	Revenue from operations (Refer Note 2.7)	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Investment management fees (Refer Note 37)	24,518.99	12,651.25
	Total	24,518.99	12,651.25

21	Other income	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Gain on sale of current investments (net)	356.60	496.07
	Interest on income tax refund	34.24	-
	Gain on disposal of assets (net)	3.67	-
	Miscellaneous income	3.71	2.59
	Total	398.22	498.66

22	Employee benefit expenses (Refer Note 2.8)	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Salaries, wages and bonus	4,746.33	4,665.48
	Contribution to provident and other funds		
	Provident fund (Refer Note 29 A)	137.79	148.60
	Pension fund (Refer Note 29 A)	36.66	26.07
	Superannuation fund (Refer Note 29 A)	82.01	102.77
	Gratuity (Refer Note 29 B)	89.75	126.36
	ESOP expense (Refer Note 30)	0.01	2.19
	Staff welfare	55.52	90.76
	Total	5,148.07	5,162.23

23	Depreciation and amortisation expense (other than amortisation of asset management rights and goodwill on amalgamation) (Refer Note 2.3 and 2.4)	For the year ended 31st March, 2016	For the year ended 31st March, 2015
		(Rs. in Lac)	(Rs. in Lac)
	Depreciation on tangible assets (Refer Note 10)	158.74	290.79
	Amortisation on intangible assets (Refer Note 11 B (I))	141.35	235.63
	Total	300.09	526.42



24 Other expenses	For the year ended 31st March, 2016	For the year ended 31st March, 2015
	(Rs. in Lac)	(Rs. in Lac)
Electricity charges	41.41	88.84
Rent (Refer Note 2.13 and 33)	1,071.87	552.17
Rates and taxes	5.03	15.38
Travelling and conveyance	176.33	156.67
Telephone, postage and courier	218.65	213.54
Printing and stationery	61.60	71.66
Outsource service charges	324.90	382.18
Repairs and maintenance -office equipment	2.10	3.98
Repairs and maintenance -others	166.41	143.51
Membership and subscription	239.63	197.09
Professional fees	583.63	401.99
Filing fees	32.37	16.18
Insurance	67.25	60.98
Directors' fees	4.60	5.00
Business promotion expenses (including PMS)	910.27	728.26
Mutual fund scheme and distribution expenses (Refer footnote 1, Note 2.18 and 37)	12,932.39	3,289.91
Loss on disposal of assets (net)	-	1.72
Auditors' remuneration towards		-
- for audit	14.65	10.40
- for review	10.50	8.55
- for tax audit	2.50	3.00
- for reimbursement of expenses	0.26	1.14
Corporate support charges (Refer Note 32)	485.38	337.10
Corporate social responsibilities expenses (Refer Note 28)	23.99	-
Miscellaneous expenses	230.82	226.73
Total	17,606.54	6,915.98

Footnotes:

i) Mutual fund scheme and distribution expenses: Expenses of Mutual funds include expenses incurred for the activities of the Mutual Fund Schemes which are borne by the Company in respect of schemes launched by the Fund, other distribution expenses based on the terms of the related offer documents and the SEBI (Mutual Fund) Regulations, 1996.



Notes to the Financial statements

25 Contingent liabilities

Claims against the Company not acknowledged as debts

Particulars	Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015
Disputed service tax liability (including penalties)	14.16	-

The Company does not have any pending litigations which would impact its financial position other than the specified above.

26 Commitments (to the extent not provided for)

Estimated amount of contracts remaining unexecuted on capital account (net of advances) for tangible assets - Rs. 13.46 Lac and for intangible assets Rs. 15.98 Lac (as at 31st March, 2015- Rs. 5.12 Lac for tangible assets and Rs. 32.39 Lac for intangible assets).

27 Foreign currency expenditure

Particulars	Rs. in Lac	
	8	For the year ended 31st March, 2015
Membership and subscription	3.88	0.62
Repairs and maintenance -others	4.47	0.24
Staff welfare	-	-
Total	8.35	0.86

B Realised foreign exchange loss recognised in the Statement of Profit and Loss during the year is Rs. 0.08 Lac (Rs. 0.03 Lac for financial year 2014-15)

28 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : Rs. 23.99 lac.

Particulars	Rs. in Lac		
	In cash	Yet to be paid in cash	Total
(a) Gross amount required to be spent	-	-	-
(a) Amount spent during the year on:			
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	23.99	-	23.99

29 Disclosure as required under Accounting Standard –15 on “Employee Benefits” is as under:

A Defined contribution plans

The Company makes provident fund, pension fund and superannuation fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised Rs. 137.79 Lac (Previous Year – Rs. 148.60 Lac) for provident fund contributions, Rs. 36.66 Lac (Previous Year – Rs. 26.07 Lac) for family pension fund and Rs. 82.01 Lac (Previous Year – Rs.102.77 Lac) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at the rates specified in the rules of the schemes.



Notes to the Financial statements

B Defined benefit plans

The Company offers the gratuity under employee benefit schemes to its employees.

The following tables sets out the fund status of the defined benefit schemes and the amount recognised in the financials.

Gratuity (Funded plan)	Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015
Projected benefit obligation:		
As at beginning of the year	316.77	202.18
Liabilities assumed on acquisition	(1.89)	(0.51)
Service cost	53.89	39.63
Interest cost	29.00	22.37
Actuarial losses / (gains)	18.85	75.49
Benefits paid	(148.01)	(22.39)
As at end of the year	268.61	316.77
Change in plan assets:		
Fair value of plan assets as at beginning of the year	184.57	139.13
Expected returns on plan assets	16.87	12.52
Employer's contribution	129.18	56.70
Benefits paid	(148.01)	(22.39)
Actuarial gain / (loss)	(4.88)	(1.39)
Fair value of plan assets as at end of the year	177.73	184.57
Expected employer's contribution next year	60.00	60.00
Amount recognised in the balance sheet:		
Liability at the end of the year	268.61	316.77
Fair value of plan assets as at end of the year	(177.73)	(184.57)
Amount recognised in the balance sheet	90.88	132.20
Movement in net liability recognised in the balance sheet:		
Opening net liability	132.20	63.05
Liabilities assumed on acquisition / (settled on divestiture)	(1.89)	(0.51)
Expenses	89.75	126.36
Contribution	(129.18)	(56.70)
Closing net liability	90.88	132.20

Cost of the defined benefit plan for the year	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Current service cost	53.89	39.63
Interest on obligation	29.00	22.37
Expected return on plan assets	(16.87)	(12.52)
Net actuarial losses / (gains) recognised in the year	23.73	76.88
Net cost/ (gain) recognised in the Statement of Profit and Loss	89.75	126.36
Key assumptions:		
Indian Assured Mortality Ult. table of the year	2006-2008	2006-2008
Discount rate	7.90%	7.90%
Future salary increase	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account inflation, seniority, promotion, increments and other relevant factors.

As the gratuity fund is managed by the life insurance company, details of investment are not available with the Company.

Particulars	Rs. in Lac				
	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2015	For the year ended / As at 31st March, 2014	For the year ended / As at 31st March, 2013	For the year ended / As at 31st March, 2012
Defined benefit obligation	268.61	316.77	202.18	228.54	31.00
Plan assets	177.73	184.57	139.13	130.48	33.15
Surplus / (deficit)	(90.88)	(132.20)	(63.05)	(98.06)	2.15
Experience adjustment on plan liabilities	18.86	23.19	(18.05)	(232.82)	(5.01)
Experience adjustment on plan assets	(4.88)	(1.39)	3.48	3.17	(0.09)

Notes to the Financial statements

30 Employee Stock Option Plan ("ESOP")

ESOP from the holding company

Pursuant to Plan being established by the holding company (i.e. L&T Finance Holdings Limited), stock options were granted to the employees of the Company during the financial year 2014-15, 2012-13 and 2010-11. Cost incurred by the holding company in this financial year, in respect of options granted to employees of the Company amounts to Rs. Nil (Rs Nil for financial year 2014-15). Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of Rs 0.01 lac has been recovered from the Company during the year (Rs 2.19 Lac during financial year 2014-15), which has been charged to the Statement of Profit and Loss.

31 Segment reporting

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Asset Management Services and Portfolio Management Services. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocated expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. As the operations of the Company are carried out within India, there are no geographical segments.

Rs. in Lac

Particulars	Portfolio Management Services		Asset Management Services to Mutual Fund		TOTAL	
	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2015	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2015	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2015
Segment revenue	-	-	24,518.99	12,651.25	24,518.99	12,651.25
Segment result	(24.46)	(37.14)	(5,530.82)	(6,919.23)	(5,555.28)	(6,956.37)
Unallocated expenses					(32.50)	(29.81)
Net operating income					(5,587.78)	(6,986.18)
Unallocated other income					398.22	498.66
Net profit/loss before tax					(5,189.56)	(6,487.52)
Tax expense					-	-
Profit/(loss) after tax					(5,189.56)	(6,487.52)
Segment assets	3.66	5.65	42,148.17	51,785.87	42,151.83	51,791.52
Unallocable assets					9,971.10	5,186.95
Total assets					52,122.93	56,978.47
Segment liabilities	3.54	3.87	3,056.27	2,650.67	3,059.81	2,654.54
Unallocable liabilities					17.86	5,016.11
Total liabilities					3,077.67	7,670.65
Total capital expenditure (including capital advances) net of payable for fixed assets incurred during the year to acquire segment assets	-	-	141.95	250.50	141.95	250.50
Depreciation & amortisation expenses (included in segment expense)	0.47	20.09	7,351.69	7,539.13	7,352.16	7,559.22
Other significant non-cash adjustments	-	-	166.61	(18.49)	166.61	(18.49)



32 Related party disclosure

Disclosure as required by AS - 18 "Related Party Disclosure" notified under the Companies Act, 2013 is as follows:

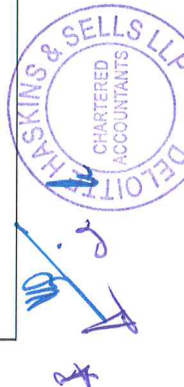
A Names of the related parties and description of relationship

(i) Ultimate Holding Company	Larsen & Toubro Limited ("L&T Limited")
(ii) Holding Company	L&T Finance Holdings Limited ("LTFH")
(iii) Fellow subsidiary (with whom Company had transactions)	L&T Finance Limited (w.e.f. 28th March, 2013, erstwhile holding company till 27th March, 2013) ("LTF")
(v) Associate (with whom Company had transactions)	L&T Vindavan Properties Limited ("LTVPL")
	L&T Access Distribution Services Limited (formerly L&T Access Financial Advisory Services Limited) ("LTADSL")
	L&T Infrastructure Finance Company Limited ("LTFICL")
	L&T Capital Markets Limited ("LTCML")
	L&T Mutual Fund Trustee Limited ("LTMFTL")
	L&T Capital Company Limited ("LTCCL")
	L&T Infotech Limited ("LTI")
	L&T General Insurance Company Limited ("LTGICL")
	L&T Housing Finance Limited ("LTHFL")
	Family Credit Limited ("FCL")
(iv) Associate (with whom Company had transactions)	L&T Mutual Fund Schemes ("LTMF")
(v) Key management personnel	Rajiv Vishwanathan (Manager till 30th March, 2015 under the Companies Act, 2013) (Refer Footnote 3)
	Asha Suyash (Chief Executive Officer w.e.f. 22nd July, 2014 till 31st May, 2015)
	Kalish Kulkarni (Chief Executive Officer w.e.f. 1st June, 2015)

(Note: Related parties have been identified by the Management)

B Details of Transactions with Related Parties

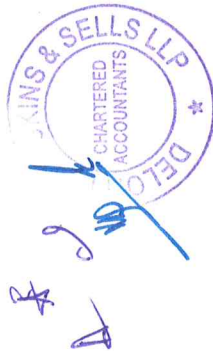
Particulars	L&T Limited	LTFH	LTF	LTVPL	LTADSL	LTHFL	LTCML	LTCCL	LTHL	LTGICL	FCL	LTHFL	LTMF	Key Management Personnel	Rs. in lac Total
Nature of Transaction															
Income															
Investment management fees income	-	-	-	-	-	-	-	-	-	-	-	-	24,518.99 (12,651.25)	-	24,518.99 (12,651.25)
Expense															
Remuneration paid (Refer Footnote 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	356.88 (189.41)	356.88 (189.41)
Deputation cost recovery	-	-	18.15 (25.00)	-	-	18.15 (25.00)	-	-	-	10.45 (41.50)	-	-	-	-	46.75 (91.50)
ESOP expense	-	0.01 (2.19)	-	-	-	-	-	-	-	-	-	-	-	-	0.01 (2.19)
Electricity charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.83
Rent	10.57 (7.22)	-	29.76 (36.72)	-	-	682.54 (35.18)	-	-	-	-	-	-	-	-	722.87 (79.12)
Travelling and conveyance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.85
Repairs and maintenance -others	17.08 (1.76)	-	-	-	-	-	-	-	16.14 (7.50)	-	-	-	-	-	33.22 (9.26)
Professional fees	56.65 (58.76)	-	-	-	-	-	-	-	21.31	-	-	-	-	-	77.96 (64.26)
Business promotion expenses (including PMS)	5.85 (11.02)	36.80	-	-	-	-	-	-	-	-	-	-	-	-	42.65 (21.55)
Mutual fund scheme and distribution expenses	-	-	0.15 (0.06)	-	2.23 (26.45)	-	68.82 (247.04)	-	-	-	-	-	105.63 (318.46)	-	176.83 (612.51)
Corporate support charges	-	199.30 (277.10)	286.08 (60.00)	-	-	-	-	-	-	-	-	-	-	-	485.38 (337.10)
Others															
Investments purchased	-	-	-	-	-	-	-	-	-	-	-	-	47,697.00 (56,145.98)	-	47,697.00 (56,145.98)
Investments redeemed / matured	-	-	-	-	-	-	-	-	-	-	-	-	43,271.73 (60,341.91)	-	43,271.73 (60,341.91)
Advance repaid	-	5,000.00	-	-	-	-	-	-	-	-	-	-	-	-	5,000.00
Advance given to the schemes of mutual fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance recovered from the schemes of mutual fund	-	-	-	-	-	-	-	-	-	-	-	-	119.72	-	119.72
Capital infusion of equity shares	-	4,927.00 (501.82)	-	-	-	-	-	-	-	-	-	-	-	-	551.24 (696.02)
Fixed assets purchased	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,927.00 (501.82)
	(3.90)	-	-	-	-	-	-	-	(2.68)	-	-	-	-	-	(6.58)



Particulars	L&T Limited	LTFH	LTF	LTVPL	LTADSL	LTFCL	LTCML	LTCCL	LTCL	LTGCL	FCL	LTHFL	LTMF	Key Management Personnel	Rs. in lac Total
Balance outstanding as at end of the year															
Receivables:															
Long-term loans and advances-Security deposits	-	-	-	352.64 (271.31)	-	-	-	-	-	-	-	-	-	-	352.64 (271.31)
Long-term loans and advances- Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-	-	-	-	-	(205.13)	-	(205.13)
Short term loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	988.75 (930.25)	-	988.75 (930.25)
Payables:															
Trade payables	-	-	0.29	-	(0.03)	(0.05)	-	-	-	-	(0.10)	0.28	(346.11)	-	0.70 (346.29)
Dues to related parties	-	-	74.75 (19.46)	-	0.23 (0.26)	-	16.72 (7.45)	-	-	-	-	-	-	-	91.70 (27.17)
Current maturities of loans and advances	1.22 (12.69)	-	1.04 (15.15)	0.97 (3.62)	-	-	-	-	3.27 (1.92)	4.55	-	-	29.02 (319.30)	-	40.07 (372.68)
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable for fixed assets	1.78	(5,000.00)	7.65	9.32	-	-	-	-	-	-	-	-	-	-	(5,000.00)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.75
	-	-	7.34	-	-	-	-	-	-	-	-	-	-	-	7.34
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Footnotes:

- 1) Reimbursement of expense has not been considered for reporting related party transactions.
- 2) Previous year figures have been shown in brackets.
- 3) Rs. NIL remuneration paid to Manager during the year ended on 31 March 2016 (Rs NIL for the year ended 31 March 2015).
- 4) The above excludes contribution to gratuity fund and provision for leave encashment, which are based on an actuarial valuation and group insurance premium towards medical and life cover.



Notes to the Financial statements

33 Operating leases

The Company has significant operating leases for premises and furniture & fixtures, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Lease payments recognised in the Statement of Profit and Loss during the year was Rs. 1,071.87 Lac (Previous Year – Rs.552.17 Lac).

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015
Within one year	741.02	157.30
After one year but not more than five years	1,493.51	17.53
More than five years	-	-

34 Earnings per share

Particulars	Unit	For the year ended 31st March, 2016	For the year ended 31st March, 2015
Profit / (loss) for the year from the continuing operations	Rs. in Lac	(5,189.56)	(6,487.52)
Nominal value of equity shares	Rs.	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	249,879,855	240,256,757
Basic and diluted earnings per share	Rs.	(2.08)	(2.70)

35 Deferred tax:

The Company has recognised deferred tax asset and deferred tax liability as under:

Particulars	Rs. in Lac	
	As at 31st March, 2016	As at 31st March, 2015
Deferred tax liability		
Timing difference on account of depreciation and amortisation expenses	4,000.63	3,930.26
Deferred tax asset		
Unabsorbed loss and depreciation restricted upto the amount of deferred tax liability	4,000.63	3,930.26
Net deferred tax liability	Nil	Nil
Deferred tax expense for the year ended	Nil	Nil

Deferred tax asset in respect of unabsorbed depreciation and amortisation expense is recognised considering the deferred tax liability in respect of timing differences arising in respect of depreciation and amortisation expense. Additional deferred tax assets have not been recognised in the absence of virtual certainty of future taxable profits against which such assets can be offset.



Notes to the Financial statements

36 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on the information received by the Company from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any suppliers covered under this Act as at the balance sheet date and hence, disclosures relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given. Auditors have relied on this.

37 Expenses which in the past were charged directly to the schemes of L&T Mutual Fund, are being borne by the Company, with effect from 1st April, 2015. Accordingly, higher management fees have been charged to the Schemes by the Company. Therefore, the revenue from operations and Mutual fund scheme and distribution expenses for the year ended 31st March, 2016 is higher by Rs 6,199.67 lac.

38 Previous year figures have been reclassified to conform to this year's classification.



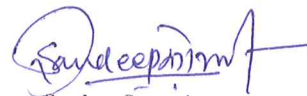
R. Shankar Raman
Director
DIN- 00019798



P. H. Ravikumar
Director
DIN- 00280010



Apurva Rathod
Company Secretary



Sandeep Somani
Chief Financial Officer

Place: Mumbai

Date: 25th April, 2016

