

Board's Report

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty First Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in lakhs)

Particulars	2016-17	2015-16
Gross Income	35,186.24	24,917.21
Less: Gross Expenses	(37,767.72)	(30,106.77)
Loss b/f from previous year	(42,026.56)	(36,837.00)
Profit After Tax	(2,581.48)	(5,189.56)
Surplus / (Deficit) in the statement of Profit and Loss	(44,608.04)	(42,026.56)
Amount proposed to be carried to reserves	-	-

INFORMATION ON THE STATE AFFAIRS OF THE COMPANY

FY17 has been a good year for the Company with business maintaining the strong growth trajectory achieved over the last few years. Average Assets Under Management (AAUM) as on March 31, 2017 stood at ₹ 393,000 lakhs compared to ₹ 259,450 lakhs as on March 31, 2016, a growth of 51% in comparison to the industry growth rate of 35%.

Our assets in fixed income have grown from ₹ 138,710 lakhs in March 2016 to ₹ 238,200 lakhs in March 2017, a gain of 73%. Similarly our equity business has grown from ₹ 109,010 lakhs in March 2016 to ₹ 169,550 lakhs in March 2017, a gain of 55%.

The above growth has come due to strong fund performance across fixed income and equity which has led to the Company reporting a business profit of ₹ 445 lakhs during the financial year 2016-17 before amortization of intangible assets.

The gross income of the Company (in the form of management fees) for the financial year 2016-2017 was ₹ 34,594.35 lakhs as against ₹ 24,518.99 lakhs for the previous financial year registering an increase of 41%.

The point of highlight is that the Company has reported a business profit of ₹ 4,451.32 lakhs during the financial year 2016-2017 before amortization of the intangible assets.

The net worth of the Company has increased from ₹ 12,966.03 lakhs as at March 31, 2016 to ₹ 17,472.80 lakhs as at March 31, 2017 with increase in operating profits.

The loss from continuing operations including extraordinary and exceptional items was ₹ 2,581.48 lakhs for FY 2016-2017 as against ₹ 5,189.56 lakhs for the previous financial year, registering a decline of 50%.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this report.

DIVIDEND

In view of the loss incurred, no dividend is recommended on equity shares for the financial year ended March 31, 2017.

SHARE CAPITAL

During the year under review, your Company had not issued any further capital.

The paid up equity share capital of your Company as on March 31, 2017 was ₹ 25182.43 lakhs.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

During FY 2016 - 2017, the Company did not have any subsidiaries or associate companies or joint ventures as defined under the Companies Act, 2013 ("the Act").

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

- a) At present, the Board comprises of Mr. Dinanath Dubhashi, Mr. R. Shankar Raman, Mr. M. V. Nair, Mr. P. H. Ravikumar and Ms. Anisha Motwani and as Directors of the Company.

- b) Ms. Raji Viswanathan resigned as a Director of the Company with effect from June 21, 2016 due to other professional commitments. The Board places on record its appreciation of the valuable services rendered by Ms. Raji Viswanathan during her tenure as a director of the Company.
- c) Ms. Rupa Rege Nitsure was appointed as an Additional Director of the Company with effect from June 21, 2016 and resigned on January 20, 2017. The Board places on record its appreciation of the valuable services rendered by Ms. Rupa Rege Nitsure.
- d) Mr. Dinanath Dubhashi and Ms. Anisha Motwani were appointed as Additional Directors on the Board of the Company with effect from January 21, 2017 and April 10, 2017 respectively and will hold office till the forthcoming Annual General Meeting ("AGM") of the Company.
- e) Mr. M.V. Nair, Mr. P. H. Ravikumar and Ms. Anisha Motwani* are the Independent Directors of the Company in accordance with the requirements of the Act and also as per the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and they have given declarations that they meet the criteria of independence as provided under Section 149 (7) of the Act.
- f) Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of Directors by rotation. Accordingly Mr. R. Shankar Raman, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

*appointed effective from April 10, 2017 and holds office till the forthcoming annual general meeting

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

Section 149(8) of the Act read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The Independent Directors of the Company met once, pursuant to the provisions of the Act.

KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Apurva Rathod ceased to be the Company Secretary of the Company with effect from October 25, 2016 and Ms. Jalpa Jadav was appointed as the Company Secretary of the Company with effect from January 21, 2017. As at March 31, 2017, the Company had the following KMPs:

- a) Mr. Kailash Kulkarni - Chief Executive Officer;
- b) Mr. Sandeep Somani - Chief Financial Officer;* and
- c) Ms. Jalpa Jadav - Company Secretary.

*Mr. Ashish Jain has been appointed as the Chief Financial Officer effective from April 28, 2017 in place of Mr. Sandeep Somani.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A. Background:

Section 178 of the Companies Act, 2013 ("the Act") and rules thereof, require the Nomination and Remuneration Committee ("NRC") of a Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company and recommend the same for approval of the Board.

Further Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for key managerial personnel and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees.

B. Brief framework of the Policy

The objective of this Policy is:

- a) determining inter-alia, qualifications, positive attributes and independence of a Director;

- b) determining matters relating to appointment and removal of Directors, and Senior Management;
- c) evaluation of performance of the Directors; and
- d) determining remuneration of the Directors, Key Managerial Personnel and other employees.

C. Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before the appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation Criteria of Directors and Senior Management/KMP/Employees

- **Non-Executive Directors/Independent Directors**

The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

- Membership & Attendance - Board and Committee Meetings.
- Contribution during such meetings.
- Active participation in strategic decision making.
- Inputs to executive management on matters of strategic importance.
- Such other matters, as the NRC/Board may determine from time to time.

- **Executive Directors**

The NRC carries out evaluation of performance of Executive Directors (“EDs”), if any, every year ending March 31st. The evaluation is on the basis of Key Performance Indicators (“KPI”), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of each ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management/KMP/Employees**

The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMP/Senior Management Personnel/ employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose

performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

Evaluation done by Board members excluding the Director being evaluated is submitted to the

Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback is provided to each Director.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twentieth Annual General Meeting ("AGM") held on May 21, 2016, had appointed M/s Sharp & Tannan, Chartered Accountants (ICAI Firm's Registration Number 109982W) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twentieth AGM held on May 21, 2016 till the conclusion of the Twenty Fifth AGM.

Further, in terms of section 139(1), the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Member at the ensuing Twenty First AGM.

With respect to aforesaid appointment, the Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, has been appended as **Annexure A**.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant.

During the period under review, the details of foreign exchange inflow or outgo is as follows:

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of their knowledge and belief:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for that period;
- 3) the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
- 4) the Directors have prepared the annual accounts on a going concern basis;
- 5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- 6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the

Company. Based on the report of the internal audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, are presented to the Audit Committee.

MEETINGS OF THE BOARD OF DIRECTORS

A calendar of meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met 4 (four) times during FY 2016-17, April 25, 2016, July 14, 2016, October 20, 2016 and January 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. R Shankar Raman	00019798	NED	4	2
Mr. Dinanath Dubhashi ⁽¹⁾	03545900	NED	1	1
Mr. M V Nair	02284165	ID	4	4
Mr. P H Ravikumar	00280010	ID	4	2
Ms. Anisha Motwani ⁽²⁾	06943493	ID	--	--

Notes:

⁽¹⁾ Appointed as a Non-executive Director with effect from January 21, 2017

⁽²⁾ Appointed as an Additional (Independent Director) with effect from April 10, 2017 (after the financial year)

The Agenda of the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee ("AC") of the Company consists of Mr. P.H. Ravikumar, Chairperson, Mr. R. Shankar Raman, Member and Mr. M.V. Nair, Member.

The role, terms of reference, authority and powers of the AC are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

During the financial year 2016 -2017, five such Meetings of the AC were held on April 25, 2016, October 20,

2016, December 7, 2016, January 21, 2017 and March 22, 2017.

The attendance of the Members of the AC held during FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Board Meetings attended
Mr. R Shankar Raman	5	4
Mr. M V Nair	5	4
Mr. P H Ravikumar	5	4

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated and established a Vigil Mechanism framework to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. Under this framework, the Company has set up a "Whistle Blower Investigation Committee". The Chairperson of this Whistle Blower Investigation Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the AC on this matter. The Chief Internal Auditor of L&T Financial Services Group acts as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls or fraudulent reporting of financial information.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The CSR Committee consists of Mr. M.V. Nair, Mr. P.H. Ravikumar and Mr. R. Shankar Raman. The Board, on recommendation of the CSR Committee, had approved the CSR Policy of the Company which is available on the website of the Company at <https://www.lfcs.com/csr.html>.

The Company does not have any "net profits" calculated as per the provisions of the Act and therefore the Company was not required to spend any amount towards the activities specified under the Act towards discharging its corporate social responsibility. However, during FY 2016-17, the Company has made a donation

of ₹ 50,000 to Anglo Scottish Education Society for education purposes.

During the year under review, the Committee had met once in a year i.e. January 21, 2017 and all the Members were present.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loans or guarantees or made any investments pursuant to the provisions of Section 186 of the Act and the rules thereof during FY 2016-17.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Board of Directors at its meeting held on October 21, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members

to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has framed and implemented a risk management framework which deals with identification of risk in the business of the Company and which may threaten the existence of the Company. Further, the said framework also lays down mitigants and periodical review to ensure that executive management controls risk by means of a properly designed framework.

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn Jay & Co., Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended as **Annexure B** to this Report.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in MGT-9 as required under Section 92(3) of the Act and prescribed in Rule

12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure C** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the year under review.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration / license / authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Securities and Exchange Board of India, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Company's Bankers, Custodians, Registrars and most of all, the investors of L&T Mutual Fund, for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company resulting in successful performance during the year.

**On behalf of the Board
For L&T Investment Management Limited**

Dinanath Dubhashi	R. Shankar Raman
Director	Director
DIN 03545900	DIN 00019798

Place: Mumbai
Date: April 28, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

L&T Investment Management Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Investment Management Limited** (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable to the Company;**
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company;**
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable to the Company;**
 - g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 - **Not Applicable to the Company;**

- h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company;** and
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**
- (vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1996 and the applicable general laws, rules, regulations and guidelines.

We have also examined compliance of the following to the extent applicable:

- (a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and
- (b) Listing Agreements entered into by the Company with National Stock Exchange of India Limited as the Company's Mutual Funds Units are listed.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

We further report that –

- (a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors;
- (b) the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- (c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (d) The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present; and

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

The Company has obtained approval from the members at the Extra Ordinary General Meeting for adoption of New Set of Articles of Association of the Company.

Place: Mumbai
Date: 20th April, 2017

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Jay D'Souza FCS.3058]
(Partner)
[Certificate of Practice No.6915]

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS

i	CIN	U65991MH1996PLC229572
ii	Registration Date	April 25, 1996
iii	Name of the Company	L&T Investment Management Limited
iv	Category/Sub-category of the Company	Company having share capital
v	Address of the Registered office & contact details ⁽¹⁾	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000 Fax: +91 22 6212 5398 Website : www.ltfs.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 Mr. Sanjay Jadhav Contact No. 022 4918 6000, 022 4918 6060, dematremat@linkintime.co.in

⁽¹⁾ Change of registered office effective June 15, 2017.

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	Asset Management Company to L&T Mutual Fund	66301	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLIC-ABLE SECTION
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India ⁽¹⁾	L67120MH2008PLC181833	Holding Company	100	2(46)

⁽¹⁾ Change of registered office effective June 15, 2017.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
(a)*Individual/HUF										
*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited	----	7	7	0.01	----	7	7	0.01	----	----
b) Central Govt. or State Govt.	----	----	----	----	----	----	----	----	----	----
c) Bodies Corporates	22,59,67,122	2,58,57,200	25,18,24,322	99.99	25,18,24,322	---	25,18,24,322	99.99	----	----
d) Bank/Fl	----	----	----	----	----	----	----	----	----	----

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
SUB TOTAL:(A) (1)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/Fl										
e) Any other...										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter										
(A)= (A)(1)+(A)(2)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/Fl										
C) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporate										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):										
Total Public Shareholding										
(B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for										
GDRs & ADRs										
Grand Total (A+B+C)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----

(ii) SHARE HOLDING OF PROMOTERS

S.No	Share- holders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	*L&T Finance Holdings Limited	25,18,24,329	100	-----	25,18, 24,329	100	-----	100
	Total	25,18,24,329	100	-----	25,18, 24,329	100	-----	100

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE) – There is no change in the Promoters shareholding

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	-----	-----	-----	-----
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	-----	-----	-----	-----
	At the end of the year	-----	-----	-----	-----

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

SI. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	-----	-----	-----	-----
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweat equity etc)	-----	-----	-----	-----
	At the end of the year (or on the date of separation, if separated during the year)	-----	-----	-----	-----

(v) Shareholding of Directors & KMP

SI. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Mr. R. Shankar Raman and L&T Finance Holdings Limited	1*	0.01	1	0.01
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-----	-----	-----	-----
	At the end of the year				
	Mr. R. Shankar Raman and L&T Finance Holdings Limited	1*	0.01	1	0.01
	Mr. Dinanath Dubhashi and L&T Finance Holdings Limited	1*	0.01	1	0.01

* Held Jointly with L&T Finance Holdings Limited for the purpose of complying with the provisions regarding minimum number of members pursuant to provisions of the Companies Act, 2013.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----
Change in Indebtedness during the financial year				
Additions	-----	-----	-----	-----
Reduction	-----	-----	-----	-----
Net Change	-----	-----	-----	-----
Indebtedness at the end of the financial year	-----	-----	-----	-----
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr.No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-----	-----
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-----	-----
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-----	-----
2	Stock option	-----	-----
3	Sweat Equity	-----	-----
4	Commission	-----	-----
--	as % of profit	-----	-----
--	others (specify)	-----	-----
5	Others, please specify	-----	-----
	Total (A)	-----	-----
	Ceiling as per the Act	-----	-----

B. Remuneration to other directors:

S.No.	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors		
	(a) Fee for attending board and Committee meetings	Mr. P.H. Ravikumar	₹ 1,80,000
		Mr. M.V. Nair	₹ 2,40,000
	(b) Commission	-----	-----
	(c) Others, please specify	-----	-----
	Total (1)	-----	₹ 4,20,000
2	Other Non-Executive Directors	-----	-----
	(a) Fee for attending board committee meetings	-----	-----
	(b) Commission	-----	-----
	(c) Others, please specify.	-----	-----
	Total (2)	-----	-----
	Total (B)=(1+2)	-----	₹ 4,20,000
	Total Managerial Remuneration	-----	₹ 4,20,000
	Overall Ceiling as per the Act.	-----	-----

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total	
		CEO	Company Secretary		CFO		
1	Gross Salary		Mr. Kailash Kulkarni	Ms. Apurva Rathod ⁽¹⁾	Ms. Jalpa Jadav ⁽²⁾	Mr. Sandeep Somani	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,63,34,140	32,82,642	-	23,03,526	-	2,19,20,308
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	15,57,540	-	-	-	-	15,57,540
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-
	others, specify	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-
	Total	1,78,91,680	32,82,642	-	23,03,526	-	2,34,77,848

⁽¹⁾ Remuneration data for Ms. Apruva Rathod till October 25, 2016

⁽²⁾ Not applicable, as part of group functions.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

Independent Auditors' Report

To the members of L&T Investment Management Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of L&T Investment Management Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, 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 standalone 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 standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 standalone 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 standalone 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.

We conducted our audit of the standalone financial statement 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2017, and its loss and its cash flows for the year ended on that date.

Other matters

The financial statements of the Company for the year ended 31 March 2016 were audited by other auditor whose report dated 25 April 2016 expressed an unmodified opinion on the statement.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 B; and
- 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)

Amendment Rules, 2017, 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 standalone financial statement;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – refer note 24 to the standalone financial statement;

Sharp & Tannan

Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia

Partner
Membership No. 038332

Mumbai, 28 April, 2017

Annexure "A" To The Independent Auditor's Report

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' of our report of even date)

- 1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable properties, accordingly, reporting on clause (i) (c) of the Order 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, accordingly, reporting on clause (ii) of the Order 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, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) of the Order is not applicable.
- 4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.
- 5 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of section 73 to 76 or any other relevant provision of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.
- 6 According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.
- 7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of the disputed dues	Amount ₹ in Lakhs*	Period to which the amount relates	Forum where disputes are pending
Income-tax Act, 1961	Income Tax	12.05	A.Y. 2011-12 F.Y. 2010-11	Deputy Commissioner of Income Tax
Service tax rules, 1994	Service Tax	14.16	Financial Year 2009-10	Commissioner of Service Tax (Appeal) – I

- *Net of pre-deposit paid in getting the stay/appeal admitted
- 8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders, accordingly, reporting on clause (viii) of the Order is not applicable.
 - 9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans, accordingly, reporting on clause (ix) of the Order is not applicable.
 - 10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.
 - 11 According to the information and explanations given to us and based on our examination of the records of the Company, 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 explanation given to us the Company is not a Nidhi Company, accordingly reporting on clause (xii) of the Order is not applicable.
 - 13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
 - 14 According to 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, accordingly reporting on clause (xiv) of the Order is not applicable.
 - 15 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with directors or persons connected with him, accordingly, reporting on clause (xv) of the Order is not applicable.
 - 16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting on clause (xvi) of the Order is not applicable.

Sharp & Tannan

Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia

Partner
Membership No. 038332
Mumbai, 28 April, 2017

Annexure "B" To The Independent Auditor's Report

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Investment Management Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone 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 ('the ICAI'). 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 the 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 Act.

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 involved 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 judgment, 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.

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, 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 31 March 2017, 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 issued by the ICAI.

Sharp & Tannan

Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia

Partner
Membership No. 038332

Mumbai, 28 April, 2017

Balance Sheet as at March 31, 2017

(INR Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,182.43	25,182.43
Reserves and surplus	4	21,281.35	23,862.83
		46,463.78	49,045.26
Non-current liabilities			
Other long term liabilities	5	72.43	56.23
		72.43	56.23
Current liabilities			
Trade payables	6	-	-
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		52.31	1,090.45
Other current liabilities	7	4,850.02	1,650.40
Short term provisions	8	341.60	280.59
		5,243.93	3,021.44
TOTAL		51,780.14	52,122.93
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	9	102.29	172.25
(ii) Intangible assets	10	28,984.02	36,063.36
(iii) Capital work-in-progress		1.91	5.10
(iv) Intangible assets under development		6.96	15.87
		29,095.18	36,256.58
Non-current investments	11	1,387.00	1,337.00
Long term loans and advances	12	4,147.78	2,948.54
Other non-current assets	13	438.92	22.22
		5,973.70	4,307.76
Current assets			
Current investments	14	9,550.14	6,600.00
Trade receivables	15	1,666.66	988.75
Cash and cash equivalents	16	296.74	247.96
Short term loans and advances	17	4,212.41	3,448.12
Other current assets	18	985.31	273.76
		16,711.26	11,558.59
TOTAL		51,780.14	52,122.93
See accompanying Notes to the Financial statements	1 to 36		

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai

Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman

Director

DIN- 00019798

Jalpa Jadav

Company Secretary

Dinanath Dubhashi

Director

DIN- 03545900

Ashish Jain

Chief Financial Officer

Mumbai

Date: 28th April, 2017

Statement of Profit and Loss for the year ended March 31, 2017

(INR Lakhs)

	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
REVENUE			
Revenue from operations (net of service tax)	19	34,594.35	24,518.99
Other income	20	591.89	398.22
Total revenue		35,186.24	24,917.21
EXPENSES			
Employee benefit expenses	21	5,040.45	5,208.99
Depreciation and amortisation expenses (other than amortisation of asset management rights and goodwill on amalgamation)	22	163.69	300.09
Other expenses	23	25,530.78	17,545.62
Total expenses		30,734.92	23,054.70
Earnings before amortisation of asset management rights and goodwill on amalgamation, exceptional items and tax		4,451.32	1,862.51
Amortisation of asset management rights and goodwill on amalgamation	10	7,032.80	7,052.07
Profit / (loss) before tax		(2,581.48)	(5,189.56)
Tax expense:			
(a) Current tax expenses		-	-
(b) Deferred tax	35	-	-
Total		-	-
Profit / (loss) for the year from operations		(2,581.48)	(5,189.56)
Basic and diluted earnings per equity share in Rs.	34	(1.03)	(2.08)
Nominal value per share in INR		10.00	10.00
See accompanying Notes to the Financial statements	1 to 36		

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai

Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman

Director

DIN- 00019798

Jalpa Jadav

Company Secretary

Dinanath Dubhashi

Director

DIN- 03545900

Ashish Jain

Chief Financial Officer

Mumbai

Date: 28th April, 2017

Cash Flow Statement for the year ended March 31, 2017

(INR Lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash flow from operating activities		
Profit / (loss) before tax	(2,581.48)	(5,189.56)
Adjustments for:		
Interest on income tax refund	-	(34.24)
Interest on inter-corporate deposits	(2.03)	-
Depreciation on tangible assets	66.28	158.74
Amortisation on intangible assets	7,130.21	7,193.42
Profit on sale of current investments (net)	(589.83)	(356.60)
Fixed assets written off	0.77	-
Decrease in liability for operating lease obligation	26.56	34.55
Provision for compensated expenses	82.65	42.31
Provision for gratuity	73.29	89.75
Loss/ (Gain) on disposal of assets (net)	9.88	(3.67)
	6,797.78	7,124.26
Operating profit/(loss) before working capital changes	4,216.30	1,934.70
Changes in working capital		
Adjustment for (increase) / decrease in operating assets		
Trade receivables	(677.92)	(58.50)
Short term loans and advances	(764.30)	1,298.29
Long term loans and advances	(686.09)	1,000.42
Other current assets	(711.55)	10.73
Other non-current assets	(416.70)	177.40
Adjustment for increase / (decrease) in operating liabilities		
Trade payables	(1,038.12)	294.88
Other current liabilities	3,195.24	133.66
Short term provisions	(94.93)	(191.94)
	(1,194.37)	2,664.94
Cash generated from / (used) in operations	3,021.93	4,599.64
Net taxes (paid) / refunded	(513.15)	133.90
Net cash generated from operating activities (A)	2,508.78	4,733.54
Cash flows from investing activities		
Purchase of fixed assets	(55.18)	(141.95)
Proceeds on sale of tangible assets	3.46	8.62
Purchase of current investments in mutual funds	(136,230.00)	(46,515.00)
Proceeds on redemption of current investments in mutual funds	133,869.69	43,271.73
Interest income on inter-corporate deposits	2.03	-
Inter-corporate deposits given	(3,480.00)	-
Inter-corporate deposits received back	3,480.00	-
Purchase of non-current investments in mutual funds	(50.00)	(1,182.00)
Net cash (used in) investing activities (B)	(2,460.00)	(4,558.60)

Cash Flow Statement for the year ended March 31, 2017

(INR Lakhs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cash flows from financing activities		
Repayment of advance from Holding Company	-	(5,000.00)
Proceeds from issue of share capital	-	4,927.00
Net cash generated from / (used in) financing activities (C)	-	(73.00)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	48.78	101.94
Cash and cash equivalents as at beginning of the year	247.96	146.02
Cash and cash equivalents as at end of the year	296.74	247.96
Cash and cash equivalents comprise:		
Cash on hand	0.18	1.48
Balance with banks in current account	296.56	246.48
Total	296.74	247.96
See accompanying Notes to the Financial statements		

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai

Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman

Director

DIN- 00019798

Jalpa Jadav

Company Secretary

Dinanath Dubhashi

Director

DIN- 03545900

Ashish Jain

Chief Financial Officer

Mumbai

Date: 28th April, 2017

Notes to the Financial Statements for the year ended March 31, 2017

1 Background

L&T Investment Management Limited (the 'Company') is a public company domiciled in India. The principal shareholder of the Company as at 31st March, 2017 is 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 (the "2013 Act") / Companies Act, 1956 (the "1956 Act"), 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.

2.3 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 INR 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.

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 is

Notes to the Financial Statements for the year ended March 31, 2017

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 non-current 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.

2.8 Employee benefits

A. Short term

Short term employee benefits include salaries 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

Notes to the Financial Statements for the year ended March 31, 2017

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

The Company has constituted an Employee Stock Option Plan during the financial year 2009-2010. The plan provides for grant of options to employees of the Company in a specific category to acquire equity shares of the Company that vest in a graded manner on meeting specified conditions and that are to be exercised within a specified period. Employee stock options granted are accounted under the 'Fair Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India ("ICAI").

A separate Employees 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.

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

Notes to the Financial Statements for the year ended March 31, 2017

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.

Notes to the Financial Statements for the year ended March 31, 2017

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.

Notes to the Financial Statements for the year ended March 31, 2017

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, 2017		As at 31st March, 2016	
	Number	(INR Lakhs)	Number	(INR Lakhs)
Authorised				
Equity shares of INR 10 each with voting rights	551,257,920	55,125.79	551,257,920	55,125.79
Compulsory convertible preference shares of INR 100 each	3,300,000	3,300.00	3,300,000	3,300.00
Non-convertible preference shares of INR 100 each	22,000,000	22,000.00	22,000,000	22,000.00
Non-convertible preference shares of INR 10 each	650,000,000	65,000.00	650,000,000	65,000.00
Issued				
Equity shares of INR 10 each #	311,285,190	31,128.52	311,285,190	31,128.52
Subscribed and Paid-up				
Equity shares of INR 10 each fully paid up	251,824,329	25,182.43	251,824,329	25,182.43
Total	251,824,329	25,182.43	251,824,329	25,182.43

Includes 59,460,861 (59,460,861 as at 31st March, 2016) equity shares of INR 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, 2017		As at 31st March, 2016	
	Number	(INR Lakhs)	Number	(INR Lakhs)
Balance at the beginning of the year	251,824,329	25,182.43	240,875,445	24,087.54
Add : Shares issued and subscribed during the year	-	-	10,948,884	1,094.89
Less : Shares bought back during the year	-	-	-	-
Balance at the end of the year	251,824,329	25,182.43	251,824,329	25,182.43

(b) The Company has issued only one class of equity shares having a par value of INR 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, 2017		As at 31st March, 2016	
	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%	251,824,329	100%

Notes to the Financial Statements for the year ended March 31, 2017

3 Share capital (Contd.)

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

251,824,329 equity shares (251,824,329 as at 31st March, 2016) are held by the holding company, including 7 equity shares (7 as at 31st March, 2016) 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, 2017.

4 Reserves and surplus

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Securities premium account		
Balance as at the beginning of the year	65,889.39	62,057.28
Add : Addition during the year	-	3,832.11
Balance as at the year end	65,889.39	65,889.39
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(42,026.56)	(36,837.00)
Add : Net Profit/(Loss) for the year	(2,581.48)	(5,189.56)
Balance as at the year end	(44,608.04)	(42,026.56)
Total	21,281.35	23,862.83

5 Other long term liabilities

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Liability for operating lease obligation (on straight lining - Refer Note 2.13)	72.43	56.23
Total	72.43	56.23

6 Trade payables

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Sundry creditors for goods and services (Refer Note 29)	52.31	1,090.45
Total	52.31	1,090.45

Notes to the Financial Statements for the year ended March 31, 2017

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

	As at 31st March, 2017	As at 31st March, 2016
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	-	-

7 Other current liabilities

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Liability for operating lease obligation (on straight lining - Refer Note 2.13 and 33)	12.18	1.81
Statutory dues (including provident fund, withholding taxes, etc.)	114.09	97.99
Dues to related parties (Refer Note 32)	11.44	40.07
Payables for fixed assets (Refer Note 32)	1.37	7.34
Other current liabilities (for goods and services) (Refer Note 32)	4,638.54	1,444.71
Other current liabilities (other than for goods and services) (Refer Note 32)	72.40	58.48
Total	4,850.02	1,650.40

8 Short term provisions

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits - Gratuity (Refer Note 2.8 and 30 B)	126.14	90.88
Compensated absences (Refer Note 2.8)	215.46	189.71
Total	341.60	280.59

Notes to the Financial Statements for the year ended March 31, 2017

9 Tangible assets (Refer Notes 2.3, 2.5 and 26)

(INR Lakhs)

Description	Gross block			Depreciation			Net book value		
	Opening as at 01-Apr-16	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-17	Up to 01-Apr-16	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-17	As at 31-Mar-17
Own assets									
Leasehold improvements	110.11	-	43.23	66.88	66.45	18.88	33.69	51.64	15.23
Computers- Hardware	247.60	9.51	0.43	256.68	172.91	32.89	-	205.80	50.88
Computers- Server	41.20	-	-	41.20	27.15	4.78	-	31.93	9.27
Furniture and fittings	12.36	-	2.87	9.49	5.93	0.62	1.04	5.51	3.98
Office equipments	101.43	0.92	2.30	100.05	68.21	9.11	-	77.32	22.73
Vehicles	4.07	-	-	4.07	3.87	-	-	3.87	0.20
Total	516.77	10.43	48.83	478.37	344.52	66.28	34.73	376.07	102.29

Description	Gross block			Depreciation			Net book value		
	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	As at 31-Mar-16
Own assets									
Leasehold improvements	407.12	26.04	323.05	110.11	289.57	99.93	323.05	66.45	43.66
Computers- Hardware	196.11	53.50	2.01	247.60	142.14	30.77	-	172.91	74.69
Computers- Server	38.32	2.88	-	41.20	21.62	5.53	-	27.15	14.05
Furniture and fittings	29.01	0.54	17.19	12.36	17.28	4.58	15.93	5.93	6.43
Office equipments	94.55	8.56	1.68	101.43	51.06	17.15	-	68.21	33.22
Vehicles	4.07	-	-	4.07	3.09	0.78	-	3.87	0.20
Total	769.18	91.52	343.93	516.77	524.76	158.74	338.98	344.52	172.25

**10 Intangible assets
(Refer Notes 2.4, 2.5 and 26)**

(INR Lakhs)

Description	Gross block		Amortisation		Net book value				
	Opening as at 01-Apr-16	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-17	Up to 01-Apr-16	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-17	As at 31-Mar-17
Internally generated (A)	-	-	-	-	-	-	-	-	-
Others (B)	-	-	-	-	-	-	-	-	-
Own assets									
Software and licences	645.27	50.88	-	696.15	508.73	97.41	-	606.14	90.00
Total (I)	645.27	50.88	-	696.15	508.73	97.41	-	606.14	90.00
Asset management rights	48,655.00	-	-	48,655.00	16,307.14	4,862.83	-	21,169.97	27,485.03
Goodwill on amalgamation	10,855.78	-	-	10,855.78	7,276.82	2,169.97	-	9,446.79	1,408.99
Total (II)	59,510.78	-	-	59,510.78	23,583.96	7,032.80	-	30,616.76	28,894.02
Total (B=I+II)	60,156.05	50.88	-	60,206.93	24,092.69	7,130.21	-	31,222.90	28,984.02
Total (A + B)	60,156.05	50.88	-	60,206.93	24,092.69	7,130.21	-	31,222.90	28,984.02

Description	Gross block		Amortisation		Net book value				
	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	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

Notes to the Financial Statements for the year ended March 31, 2017

11 Non-current Investments (Refer Note 2.6)

(INR Lakhs)

Particulars	Details of Non-current investments			
	No. of shares / units		INR Lakhs	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Non-trade 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 Floating Rate Fund - Direct Plan - Growth	365,789	365,789	50.00	50.00
L&T Ultra Short Term Fund - Direct Plan - Growth	217,696	217,696	50.00	50.00
L&T Short Term Opportunities Fund- Direct Plan - Growth	367,947	367,947	50.00	50.00
L&T Cash Fund Direct Plan - Growth	4,375	4,375	50.00	50.00
L&T Liquid Fund - Direct Plan - Growth	2,585	2,585	50.00	50.00
L&T Equity Fund - Direct Plan - Growth	79,561	79,561	50.00	50.00
L&T Global Real Assets Fund - Direct Plan - Growth (Merged with L&T Infrastructure Fund - Direct Plan - Growth wef 11th May, 2016)	-	252,755	-	50.00
L&T Infrastructure Fund - Direct Plan - Growth	694,601	245,455	77.00	27.00
L&T Dynamic Equity Fund - Direct Plan - Growth	235,213	235,213	48.00	48.00
L&T India Large Cap Fund - Direct Plan - Growth	243,072	243,072	50.00	50.00
L&T India Prudence Fund - Direct Plan - Growth	255,493	255,493	50.00	50.00
L&T India Special Situations Fund - Direct Plan - Growth	140,359	140,359	50.00	50.00
L&T India Value Fund - Direct Plan - Growth	383,794	383,794	96.00	96.00
L&T Midcap Fund - Direct Plan - Growth	58,207	58,207	50.00	50.00
L&T Tax Advantage Fund - Direct Plan - Growth	132,721	132,721	50.00	50.00
L&T Flexi Bond Fund - Direct Plan - Growth	331,794	331,794	50.00	50.00
L&T Gilt Fund - Direct Plan - Growth	142,010	142,010	50.00	50.00
L&T Income Opportunities Fund - Direct Plan - Growth	317,088	317,088	50.00	50.00
L&T Banking and PSU Debt Fund - Direct Plan - Growth	344,758	344,758	43.00	43.00
L&T Equity Savings Fund - Direct Plan - Growth	276,932	276,932	40.00	40.00
L&T Monthly Income Plan - Direct Plan - Growth	178,522	178,522	50.00	50.00
L&T Short Term Income Fund - Direct Plan - Growth	340,894	340,894	50.00	50.00
L&T Triple Ace Bond Fund - Direct Plan - Growth	135,208	135,208	50.00	50.00
L&T Tax Saver Fund - Direct Plan - Growth	114,239	114,239	28.00	28.00
LT Emerging Bussiness Cycle Fund - Direct Plan - Growth	332,358	-	50.00	-
Other Investments				
Investment in equity shares of MF Utilities India Private Limited of INR 1 each, fully paid up	500,000	500,000	5.00	5.00
Total Non-current investments			1,387.00	1,337.00
Aggregate value of unquoted investments at cost			1,387.00	1,337.00
Aggregate value of unquoted investments at Net Asset Value			1,711.21	1,382.14

Notes to the Financial Statements for the year ended March 31, 2017

12 Long-term loans and advances

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Capital advances	0.65	0.65
Security deposits	383.93	368.85
Other loans and advances -		
Loans and advances to vendors and employees	0.53	-
Prepaid expenses (Refer Note 2.18)	1,463.39	792.90
Advance income tax (net of provision for tax)		
Considered good	2,274.42	1,761.28
Considered doubtful	-	18.59
	2,274.42	1,779.87
Less: Provision for doubtful advances	-	18.59
	2,274.42	1,761.28
Advance fringe benefit tax (net of provision for tax)	24.86	24.86
Total	4,147.78	2,948.54

13 Other non-current assets (Refer Note 2.18)

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Other assets for goods and services	438.92	22.22
Total	438.92	22.22

14 Current investments (Refer Note 2.6)

(INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current investments (unquoted) (at lower of cost and fair value)		
Investments in open ended mutual funds	9,550.14	6,600.00
Total	9,550.14	6,600.00

Particulars	Details of current investments			
	No. of shares / units		INR Lakhs	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Current investments				
<i>Investments in open ended mutual funds</i>				
L&T Liquid Fund - Direct Plan - Growth	208,617.63	318,014.08	4,650.14	6,600.00
L&T Banking and PSU Debt Fund - Direct Plan - Growth	27,200,892.19	-	4,000.00	-
L&T Floating Rate Fund - Direct Plan - Growth	5,559,879.91	-	900.00	-
			9,550.14	6,600.00
Total current investments			9,550.14	6,600.00
Aggregate value of unquoted investments at cost			9,550.14	6,600.00
Aggregate value of unquoted investments at Net Asset Value			9,557.08	6,608.01

Notes to the Financial Statements for the year ended March 31, 2017

15 Trade receivables (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	1,666.66	988.75
Total	1,666.66	988.75

16 Cash and cash equivalents (Refer Note 2.14) (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents (as per AS 3- Cash Flow Statement)		
Cash on hand	0.18	1.48
Cheques on hand	-	-
Balances with banks - in current accounts	296.56	246.48
Total	296.74	247.96

17 Short term loans and advances (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Security deposits	10.54	40.47
Service tax asset (net of service tax liability)	25.49	257.88
Other loans and advances -		
Loans and advances to related parties (Refer Note 32)	-	0.70
Loans and advances to vendors and employees	35.61	156.41
Prepaid expenses (Refer Note 2.18)	4,140.77	2,992.66
Total	4,212.41	3,448.12

18 Other current assets (Refer Note 2.18) (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Other assets for goods and services	985.31	273.76
Total	985.31	273.76

Notes to the Financial Statements for the year ended March 31, 2017

19 Revenue from operations (Refer Note 2.7)

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Investment management fees	34,594.35	24,518.99
Total	34,594.35	24,518.99

20 Other income

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Gain on sale of current investments (net)	589.83	356.60
Interest on income tax refund	-	34.24
Interest on inter-corporate deposits	2.03	-
Gain on disposal of assets (net)	-	3.67
Miscellaneous income	0.03	3.71
Total	591.89	398.22

21 Employee benefit expenses (Refer Note 2.8)

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries, wages and bonus	4,634.92	4,746.33
Contribution to provident and other funds		
Provident fund (Refer Note 30 A)	164.79	137.79
Pension fund (Refer Note 30 A)	9.52	36.66
Superannuation fund (Refer Note 30 A)	69.83	82.01
Gratuity (Refer Note 30 B)	73.29	89.75
ESOP expense (Refer Note 31)	-	0.01
Staff welfare	88.10	116.44
Total	5,040.45	5,208.99

22 Depreciation and amortisation expense (other than amortisation of asset management rights and goodwill on amalgamation) Refer Note 2.3 and 2.4

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation on tangible assets (Refer Note 9)	66.28	158.74
Amortisation on intangible assets (Refer Note 10 B (I))	97.41	141.35
Total	163.69	300.09

Notes to the Financial Statements for the year ended March 31, 2017

23 Other expenses

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rent (Refer Note 2.13 and 33)	1,016.83	1,071.87
Rates and taxes	56.08	5.03
Electricity charges	15.36	41.41
Travelling and conveyance	162.51	176.33
Telephone, postage and courier	100.87	160.17
Printing and stationery	47.03	61.60
Outsource service charges	407.88	324.90
Repairs and maintenance -office equipment	0.09	2.10
Repairs and maintenance -others	601.60	446.60
Fixed assets written off	0.77	-
Membership and subscription	265.06	239.63
Professional fees	791.00	547.68
Filing fees	46.51	32.37
Insurance	5.96	6.33
Directors' fees	4.20	4.60
Business promotion expenses (including PMS)	1,704.53	946.22
Mutual fund scheme and distribution expenses (Refer footnote 1 and Note 2.18)	20,237.84	12,932.39
Loss on disposal of assets (net)	9.88	-
Auditors' remuneration towards		
- for audit	15.50	14.65
- for review	7.50	10.50
- for tax audit	3.00	2.50
- for other services	5.55	-
- for reimbursement of expenses	0.71	0.26
Corporate support charges (Refer Note 32)	-	485.38
Corporate social responsibilities expenses (Refer Note 28)	0.50	23.99
Miscellaneous expenses	24.02	9.11
Total	25,530.78	17,545.62

Footnotes:

- 1) 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 for the year ended March 31, 2017

- 24** The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

(INR Lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	0.05	0.56	0.61
Add- permitted receipts	-	0.30	0.30
Less- permitted payments	-	(0.29)	(0.29)
Less- amount deposited in Banks	(0.05)	(0.05)	(0.10)
Closing cash in hand as on 30th December, 2016	-	0.52	0.52

25 Contingent liabilities

Claims against the Company not acknowledged as debts (INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Disputed service tax liability (including penalties)	14.16	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 - INR 0.75 Lakhs and for intangible assets - Nil (as at 31st March, 2016- for tangible assets - INR 13.46 Lakhs and for intangible assets INR 15.98 Lakhs).

27 Foreign currency expenditure

(INR Lakhs)

A Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Membership and subscription	-	3.88
Repairs and maintenance -others	-	4.47
Total	-	8.35

B Realised foreign exchange loss recognised in the Statement of Profit and Loss during the year is Nil (INR 0.08 Lakhs for financial year 2015-16)

28 Segment Reporting

In accordance with Accounting Standard-17 "Segment Reporting" as notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] of the Companies Act, 1956, the Company's business segment is providing Asset Management Services to L&T Mutual Fund and it has no other primary reportable segments. There is no distinguishable component of the Company engaged in providing services in a different economic environment. The Company renders services in one geographical segment and has no offices outside India. Hence there are no reportable geographical segments.

29 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

Notes to the Financial Statements for the year ended March 31, 2017

relied on this.

30 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 INR 164.79 Lakhs (Previous Year – INR 137.79 Lakhs) for provident fund contributions, INR 9.52 Lakhs (Previous Year – INR 36.66 Lakhs) for family pension fund and INR 69.83 Lakhs (Previous Year – INR 82.01 Lakhs) 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.

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.

(INR Lakhs)

Gratuity (Funded plan)	As at 31st March, 2017	As at 31st March, 2016
Projected benefit obligation:		
As at beginning of the year	268.61	316.77
Liabilities assumed on acquisition	(3.78)	(1.89)
Service cost	49.64	53.89
Interest cost	24.91	29.00
Actuarial losses / (gains)	11.03	18.85
Benefits paid	(67.61)	(148.01)
As at end of the year	282.80	268.61
Change in plan assets:		
Fair value of plan assets as at beginning of the year	177.73	184.57
Expected returns on plan assets	16.38	16.87
Employer’s contribution	34.25	129.18
Benefits paid	(67.61)	(148.01)
Actuarial gain / (loss)	(4.09)	(4.88)
Fair value of plan assets as at end of the year	156.66	177.73
Expected employer’s contribution next year	60.00	60.00
Amount recognised in the balance sheet:		
Liability at the end of the year	282.80	268.61
Fair value of plan assets as at end of the year	(156.66)	(177.73)
Amount recognised in the balance sheet	126.14	90.88
Movement in net liability recognised in the balance sheet:		
Opening net liability	90.88	132.20
Liabilities assumed on acquisition / (settled on divestiture)	(3.78)	(1.89)
Expenses	73.29	89.75

Notes to the Financial Statements for the year ended March 31, 2017

Contribution	(34.25)	(129.18)
Closing net liability	126.14	90.88

(INR Lakhs)

Cost of the defined benefit plan for the year	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current service cost	49.64	53.89
Interest on obligation	24.91	29.00
Expected return on plan assets	(16.38)	(16.87)
Net actuarial losses / (gains) recognised in the year	15.12	23.73
Net cost/ (gain) recognised in the Statement of Profit and Loss	73.29	89.75
Key assumptions:		
Indian Assured Mortality Ult. table of the year	2006-2008	2006-2008
Discount rate	7.40%	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.

(INR Lakhs)

Particulars	For the year ended / As at 31st March, 2017	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
Defined benefit obligation	282.80	268.61	316.77	202.18	228.54
Plan assets	156.66	177.73	184.57	139.13	130.48
Surplus / (deficit)	(126.14)	(90.88)	(132.20)	(63.05)	(98.06)
Experience adjustment on plan liabilities	(5.85)	18.86	23.19	(18.05)	(232.82)
Experience adjustment on plan assets	(4.09)	(4.88)	(1.39)	3.48	3.17

31 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 Nil (Nil for financial year 2015-16). Total cost incurred by the holding company till date

Notes to the Financial Statements for the year ended March 31, 2017

is being recovered from the Company over the period of vesting. Accordingly, a sum of Nil has been recovered from the Company during the year (INR 0.01 Lakhs during financial year 2015-16), which has been charged to the Statement of Profit and Loss.

32 Related party disclosure

Disclosure as required by AS – 18 “Related Party Disclosure” notified under the Companies Act, 2013 is as follows:

A Name 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 (formerly known as Family Credit Limited till 12th February, 2017) (“FCL”)
L&T Finance Limited (w.e.f. 28th March, 2013 till 31st March, 2016) (Subsequently, merged with Family Credit Limited w.e.f. 1st April, 2016) (“LTF”)
L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited till 9th October, 2016) (“LTFCL”)
L&T Access Distribution Services Limited (“LTADSL”)
L&T Infrastructure Finance Company Limited (“LTIFCL”)
L&T Capital Markets Limited (“LTCML”)
L&T Mutual Fund Trustee Limited (“LTMFTL”)
L&T Infotech Limited (“LTIL”)
L&T General Insurance Company Limited (till 8th September, 2016) (“LTGICL”)
L&T Housing Finance Limited (“LTHFL”) |
| (iv) Key management personnel | Ashu Suyash (Chief Executive Officer w.e.f. 22nd July, 2014 till 31st May, 2015)
Kailash Kulkarni (Chief Executive Officer w.e.f. 1st June, 2015) |

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

Notes to the Financial Statements for the year ended March 31, 2017

(INR Lakhs)

B Details of Transactions with Related Parties

Particulars	L&T Limited	LTFH	LTF	LTFC	LTADSL	LTIFCL	LTCML	LTL	LTGICL	FCL	LTHFL	Key Management Personnel	Total
Balance outstanding as at end of the year													
Receivables:													
Long-term loans and advances-Security deposits	-	-	-	352.64	-	-	-	-	-	22.05	-	-	374.69
Short term loans and advances	-	-	-	(352.64)	-	-	-	-	-	-	-	-	(352.64)
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(0.29)	-	-	-	-	-	(0.03)	(0.10)	(0.28)	-	(0.70)
Payables:													
Trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(74.75)	-	(0.23)	-	(16.72)	-	-	-	-	-	(91.70)
Dues to related parties	0.96	-	-	-	-	-	-	0.63	-	9.71	0.14	-	11.44
	(1.22)	-	(1.04)	(0.97)	-	-	-	(3.27)	(4.55)	-	-	-	(11.05)
Other current liabilities	-	-	-	-	-	-	111.99	-	-	-	-	-	111.99
	(1.78)	-	(7.65)	(9.32)	-	-	-	-	-	-	-	-	(18.75)
Payable for fixed assets	-	-	-	-	-	-	-	1.37	-	-	-	-	1.37
	-	-	(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) 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 for the year ended March 31, 2017

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 INR 1,016.83 Lakhs (Previous Year – INR 1,071.87 Lakhs).

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

(INR Lakhs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Within one year	743.88	741.02
After one year but not more than five years	848.35	1,493.51
More than five years	-	-

34 Earnings per share

Particulars	Unit	For the year	For the year
		ended 31st March, 2017	ended 31st March, 2016
Profit / (loss) for the year from the continuing operations	(INR Lakhs)	(2,581.48)	(5,189.56)
Nominal value of equity shares	INR	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	251,824,329	249,879,855
Basic and diluted earnings per share	INR	(1.03)	(2.08)

35 Deferred tax:

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

(INR Lakhs)

Particulars	As at	As at
	31st March, 2017	31st March, 2016
Deferred tax liability		
Timing difference on account of depreciation and amortisation expenses	3,562.79	4,000.63
Deferred tax asset		
Unabsorbed loss and depreciation restricted upto the amount of deferred tax liability	3,394.37	4,000.63
Other item giving rise to timing difference	168.42	-
Net deferred tax liability	Nil	Nil
Deferred tax expense for the year ended	Nil	Nil

Notes to the Financial Statements for the year ended March 31, 2017

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.

36 Previous year figures have been reclassified to confirm to current year's classification.

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

Firdosh D. Buchia

Partner

Membership no. 38332

Mumbai

Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman

Director

DIN- 00019798

Jalpa Jadav

Company Secretary

Dinanath Dubhashi

Director

DIN- 03545900

Ashish Jain

Chief Financial Officer

Mumbai

Date: 28th April, 2017