

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Twenty Third Annual Report together with the Audited Financial Statements for the financial year ("FY") ended March 31, 2019.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the FY 2018-19 as compared to the previous FY 2017-18 is given below:

Particulars	₹ in Crore)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Gross Income	629.21	625.52
Less: Gross Expenses	540.86	610.51
Profit After Tax/(Loss)	88.35	15.01
Other comprehensive income	(0.20)	(1.14)
Total comprehensive income	88.15	13.87
Loss b/f from previous year	(435.21)	(449.08)
Securities premium write off	428.78	–
Dividend payable	(30.22)	–
Dividend Distribution Tax payable	(6.21)	–
Surplus / (deficit) in the other equity (excluding securities premium)	45.29	(435.21)
Amount proposed to be carried to reserves	–	–

INFORMATION ON THE STATE AFFAIRS OF THE COMPANY

Performance of Business

FY19 has been a challenging year for whole industry due to regulatory changes, liquidity crisis and enhanced volatility in market. Average Assets under Management ("AAUM") for the quarter ended March 31, 2019 stood at ₹ 70,944.36 Crore compared to ₹ 65,931.65 Crore for the quarter ended March 31, 2018, a growth of 7.6% in comparison to the industry growth rate of 6.2%.

Our assets in fixed income have grown from ₹ 25,572.92 Crore in March 2018 to ₹ 27,800.59 Crore in March 2019, a gain of around 9%. Similarly our equity business has grown from ₹ 36,030.18 Crore in March 2018 to ₹ 41,888.70 Crore in March 2019, a gain of around 16%.

Company reporting a business profit of ₹ 136.98 Crore during the financial year 2018-19 before amortization of intangible assets and taxes.

Financial Performance of the Company

Your Company has adopted Indian Accounting Standards ("Ind AS") pursuant to notification dated March 30, 2016 issued by the Ministry of Corporate Affairs ("MCA") and under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 from April 1, 2018 and the effective date of such transition is April 1, 2017.

The gross income of the Company (in the form of management fees) for the FY 2018-2019 was ₹ 618.59 Crore as against ₹ 615.51 Crore for the previous financial year registering an increase of 0.50%.

The net worth of the Company has increased from ₹ 475.50 Crore as at March 31, 2018 to ₹ 527.22 Crore as at March 31, 2019 with increase in operating profits.

The profit from continuing operations including extraordinary and exceptional items was ₹ 88.35 Crore for FY 2018-2019 as against profit of ₹ 15.01 Crore for the previous financial year. Increase in profit is mainly attributable to increase in AAUM.

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

During the year under review, the Board of Directors declared and paid interim dividend of ₹ 1.20 per equity share of ₹ 10 each for an amount of ₹ 30.22 Crore (excluding Dividend Distribution Tax).

No final dividend has been recommended for the year ended March 31, 2019, as the Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company.

SHARE CAPITAL

During the year under review, the Company did not issue any further capital. As on March 31, 2019, the paid up equity share capital of the Company stands at ₹ 251,82,43,290 divided into 25,18,24,329 equity shares of ₹ 10 each.

During the year under review, the National Company Law Tribunal vide its order dated February 5, 2019, confirmed the reduction of the share capital of the Company by adjustment of the securities premium account of the Company whereby the securities premium account of the Company as on March 31, 2018 stands reduced by an amount to the extent of ₹ 428.78 Crore standing to the credit of securities premium account by crediting the Profit and Loss Account of the Company, with effect from July 1, 2018.

FIXED DEPOSITS

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

DIRECTORS

The composition of the Board is in accordance with the provisions of the Act and the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (“SEBI MF Regulations”).

As on the date of this Report, the Board comprises the following Directors:

Name of the Directors	Designation
Mr. Dinanath Dubhashi	Non-Executive Director
Mr. R. Shankar Raman	Non-Executive Director
Mr. M.V. Nair	Independent Director
Ms. Anisha Motwani	Independent Director

Mr. M.V. Nair and Ms. Anisha Motwani are the Independent Directors of the Company as per the SEBI MF Regulations.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all the Directors at every Annual General Meeting (“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, of which one-third are liable to retire by rotation. Accordingly, Mr. M. V. Nair, Director of the Company will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

KEY MANAGERIAL PERSONNEL (“KMPs”)

During the year under review, Mr. Ashish Jain resigned as Head – Accounts with effect from July 31, 2018 and Ms. Charmi Gangar was appointed as Head – Accounts to discharge the functions of Chief Financial Officer and was designated as KMP with effect from October 24, 2018. Further, Ms. Charmi Gangar resigned as Head – Accounts with effect from January 23, 2019.

During the year under review, Ms. Jalpa Jadav resigned as Company Secretary with effect from June 15, 2018 and Ms. Sheetal Limaye was appointed as Company Secretary and was designated as KMP with effect from October 24, 2018. Further, Ms. Sheetal Limaye resigned as Company Secretary with effect from March 8, 2019.

Further, Mr. Sandeep Agarwal was appointed as Head – Accounts to discharge the functions of Chief Financial Officer and was designated as KMP with effect from April 28, 2019.

As at March 31, 2019, Mr. Kailash Kulkarni, Chief Executive Officer of the Company is the KMP of the Company.

PERFORMANCE EVALUATION

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

Manner of Evaluation

The Board has laid down the manner in which formal annual evaluation of the performance of the Board, its 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 the following:

a. Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors/ members followed by submission of collation 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 AGM held on May 25, 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 till the conclusion of the Twenty Fifth AGM. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain any qualification. 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 for FY 2018-19.

The Secretarial Audit Report is appended as **Annexure A** to this Report.

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

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 B**.

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.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: ₹ 2.81 Crore

DISCLOSURE RELATING TO HOLDING, SUBSIDIARIES, ASSOCIATES COMPANIES AND JOINT VENTURES

The Company is a subsidiary of L&T Finance Holdings Limited. During the year under review, the Company did not have any subsidiaries or associate companies or joint ventures as defined under the Act.

Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance to provisions of Section 134(5) of the Act, that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2019 and of the profit 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 devised proper systems to ensure compliance with the provisions of all applicable laws including Secretarial Standard 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. Such system forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit function of L&T Financial Services monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of 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 thereon are presented to the Board from time to time.

BOARD MEETINGS

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

The Board of Directors of the Company met 5 (five) times during the year under review, April 26, 2018, July 18, 2018, October 24, 2018, January 21, 2019 and March 19, 2019.

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.

The attendance of the Members of the Board at the Meetings held during the year under review is as follows:

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held/ conducted during the tenure of Directors/year	No. of Board Meetings attended
Mr. Dinanath Dubhashi	03545900	NED	5	5
Mr. R. Shankar Raman	00019798	NED	5	3
Mr. M. V. Nair	02284165	ID	5	3
Ms. Anisha Motwani	06943493	ID	5	4

ID - Independent Director; NED - Non-Executive Director

CORPORATE SOCIAL RESPONSIBILITY

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 Company has also formulated a CSR Policy ("Policy") in accordance with the requirements of the Act and containing details specified therein which is available on the website of the Company at <https://www.ltf.com>. During the year under review, the Policy has been updated to include some components within the already approved thrust areas like providing aid to women entrepreneurs, digital financial inclusion and adding of sustainable development goals as per United Nations.

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.

During the year under review, the Company has made the following contributions:-

Sr. No	Name of the Organisation/AID	Amount (₹ in Crore)
1.	Marathwada Navnirman Lokayat	0.10
Total		0.10

Composition:

The CSR Committee as on March 31, 2019 comprises the following:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. M. V. Nair	Chairperson	ID
Mr. R. Shankar Raman	Member	NED
Mr. Dinanath Dubhashi	Member	NED

Meetings and Attendance:

The CSR Committee met once during the year on April 26, 2018 and all the Members had attended the said meeting.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, a Vigil Mechanism Framework ("Framework") has been framed by L&T Financial Services Group, under which the Whistle Blower Investigation Committee ("the Committee") has been set up. The objective of the Framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the Directors and employees can raise actual or suspected violations.

The Chief Internal Auditor of L&T Financial Services Group acts as an Ombudsman. The role of Ombudsman is to review the grievance at the initial stage and in case the grievance is material, the same is forwarded to the Committee, for investigation. After investigation, the complaint with Investigation Report is forwarded to the Board/Audit Committee / Managing Director / Whole-time Director as the case may be. At the Board meeting, brief update is presented to the Board Members for their review. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

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

Details of loans, guarantees and investments are given in the Notes to the Financial Statements, as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved a policy on transactions with related parties ("RPT Policy"). The RPT Policy is also available on the website of the Company viz. <https://www.ltfs.com>. The RPT 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 Board of the Company for approval, irrespective of its materiality. The process of approval of RPTs by the Board and Shareholders is as under:
 - a) **Board:**

Generally all RPTs are in the ordinary course of business and at arm's length price. RPTs which are not at arm's length price and which are not in the ordinary course of business are approved by the Board.
 - b) **Shareholders:**

All Material RPTs require prior approval of the shareholders, based on recommendation of the Board, through an ordinary resolution passed at the general meeting. Where any contract or arrangement is entered into by a Director or any other employee without obtaining the consent of the Board or

approval by an ordinary resolution in the general meeting, it is to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

- All RPTs that were entered into during FY 2018-19 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, KMPs or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has framed and implemented a Risk Management Framework which deals with identification of risks in the business of the Company 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.

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.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, the Company has not received any complaints in this regard.

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form 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.

The Annual Return in Form MGT-7 as required under Section 92(3) of the Act shall be hosted on the website of the Company viz. <https://www.ltfs.com>.

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 SEBI/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 under review.

For and on behalf of the Board of Directors

Dinanath Dubhashi

Director

DIN: 03545900

M. V. Nair

Director

DIN: 02284165

Place : Mumbai

Date : April 28, 2019

ANNUAL REPORT 2018-19 - ANNEXURE A TO BOARD'S REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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** (CIN - U65991MH1996PLC229572) (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 to express 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, 2019** 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, 2019, 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, 2018 - **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, 2016 - **Not Applicable to the Company;** and
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **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) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 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, the following significant events / actions have taken place in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. On May 30, 2018, the members at the Annual General Meeting had approved the Reduction of share capital by setting off the accumulated losses against the share premium account ₹ 428.78 Crore, under the provisions of Section 52 read with Section 66 of the Companies Act, 2013.
2. The National Company Law Tribunal, Mumbai, vide its order dated February 5, 2019, confirmed the reduction of the share capital by adjustment of the securities premium account of the Company whereby the securities premium account of the Company, as on March 31, 2018 reduced by an amount to the extent of ₹ 428.78 Crore standing to the credit of securities premium account by crediting the Profit and Loss Account of the Company, with effect from July 1, 2018.

Place : Mumbai
Date : April 18, 2019

ALWYN JAY & Co.
Company Secretaries

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

[Vijay Sonone FCS.7301]
(Partner)
[Certificate of Practice No.7991]

ANNUAL REPORT 2018-19 - ANNEXURE C TO BOARD'S REPORT

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2019

[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 limited by Shares / Indian Non- Government Company
v)	Address of the registered office & contact details	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 5553 E-mail: contact@ltfs.com 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, Maharashtra, India. Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Toll free: 1800 102 7796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. 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	Applicable Section
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai-400 098, Maharashtra, India	L67120MH2008PLC181833	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

(i) Category – wise share holding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	25,18,24,322	7*	25,18,24,329	100	25,18,24,322	7*	25,18,24,329	100	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total: (A)(1)	25,18,24,322	7*	25,18,24,329	100	25,18,24,322	7*	25,18,24,329	100	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	25,18,24,322	7*	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/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
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 lakh	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
(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)	25,18,24,322	7*	25,18,24,329	100	25,18,24,322	7*	25,18,24,329	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.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the year (As on March 31, 2019)			% change in shareholding 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	-	-
	Total	25,18,24,329*	100	-	25,18,24,329*	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

Sr. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1	L&T Finance Holdings Limited					
	At the beginning of the year	April 1, 2018	25,18,24,329*	100	-	-
	At the end of the year	March 31, 2019	-	-	25,18,24,329*	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.

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1	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 & Key Managerial Personnel (KMP)

Sr. No.	Name of Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2018)		Cumulative shareholding during the year (April 1, 2018 to March 31, 2019)	
			No. of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1	Mr. R. Shankar Raman					
	At the beginning of the year	April 1, 2018	1*	-	-	-
	At the end of the year	March 31, 2019	-	-	1*	-
2	Mr. Dinanath Dubhashi					
	At the beginning of the year	April 1, 2018	1*	-	-	-
	At the end of the year	March 31, 2019	-	-	1*	-

*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 Member, 1 share is held jointly with L&T Finance Holdings Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness 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	-	36.22	-	36.22
• Reduction	-	36.22	-	36.22
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 (MD), Whole time director (WTD) and / or Manager

(Amount in ₹)

Sr. No.	Particulars of remuneration	Name of the MD/WTD/Manager
1	Gross salary:	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961.	-
	(b) Value of perquisites under section Section 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under section 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	There is no managerial personnel appointed by the Company. Hence the ceiling as per the Companies Act, 2013 will not be applicable.

B. Remuneration to other Directors

(Amount in ₹)

Particulars of remuneration	Name of the Directors		Total Amount
	Non - Executive Directors		
	Mr. M.V. Nair	Ms. Anisha Motwani	
(a) Fee for attending Board / Committee meetings/Independent Directors meeting	1,80,000	2,00,000	3,80,000
(b) Commission	-	-	-
(c) Others, please specify	-	-	-
Total (B)	1,80,000	2,00,000	3,80,000
Total Managerial Remuneration (A+B)	-	-	3,80,000
Overall ceiling as per the Act	Not applicable		

C. Remuneration to Key Managerial Personnel other than MD / MANAGER / WTD

(Amount in ₹)

	Particulars of remuneration	Name of the Key Managerial Personnel					Total Amount
		Mr. Kailash Kulkarni (CEO)	Mr. Ashish Jain ⁽²⁾ (CFO)#	Ms. Charmi Gangar ⁽³⁾ (CFO)#	Ms. Jalpa Jadav ⁽⁴⁾ (CS)	Ms. Sheetal Limaye ⁽⁵⁾ (CS)	
1	Gross Salary						
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,30,05,148	21,45,996	Not applicable	Not applicable	Not applicable	2,51,51,144
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961 ⁽¹⁾	3,01,52,034	-	-	-	-	3,01,52,034
	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	5,31,57,182	21,45,996	-	-	-	5,53,03,178

Appointed as Head-Accounts to discharge the functions of CFO

⁽¹⁾ Includes perquisite on ESOPs exercised during the year

⁽²⁾ Resigned as Head-Accounts with effect from July 31, 2018

⁽³⁾ Appointed as Head-Accounts with effect from October 24, 2018 and subsequently resigned with effect from January 23, 2019 and drew remuneration from another company within the L&T Financial Services Group

⁽⁴⁾ Resigned as Company Secretary with effect from June 15, 2018 and drew remuneration from another company within the L&T Financial Services Group

⁽⁵⁾ Appointed as Company Secretary with effect from October 24, 2018 and subsequently resigned with effect from March 8, 2019 and drew remuneration from another company within the L&T Financial Services Group

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NONE

For and on behalf of the Board of Directors

Dinanath Dubhashi
Director
DIN: 03545900

M. V. Nair
Director
DIN: 02284165

Place : Mumbai

Date : April 28, 2019

Independent Auditor's Report

To the Members of L&T Investment Management Limited

Report on the audit of the standalone financial statements

Opinion

We have audited the standalone financial statements of L&T Investment Management Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ("the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

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

Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the board's report including annexures thereto and management discussion and analysis, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Companies Act, 2013, we give in the Annexure A the statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 As required by section 143(3) of the Act, based on our audit, 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 (including other comprehensive income), statement of changes in equity and the statement of cash flows 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 Ind AS 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
 - (h) With respect to the other matters to be included in the auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i The Company did not have any pending litigations on its financial position in its standalone financial statements – refer note 44 to the standalone financial statements;
 - ii the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – refer note 45 to the standalone financial statements; and
 - iii There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company – refer note 46 to the standalone financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Vadodara, 28 April 2019

Annexure 'A' to the Independent Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed by the Company that, fixed assets have been physically verified by 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) According to the information and explanations given to us and records of the Company examined by us, the Company does not have any immovable properties of freehold or leasehold land and building. Hence, reporting under paragraph 3(i)(c) of the Order is not applicable.
- (ii) According to the information and explanations given to us, the Company is engaged primarily in services related to asset management services and its activities do not require it to hold any inventories and hence reporting under paragraph 3(ii) of the Order is not applicable.
- (iii) 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 or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations 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 under paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues have been generally regular in depositing during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2019 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 on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2019 are as under:

Name of the statute	Nature of the disputed dues	Amount in crore*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	0.12	2010 – 11	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	1.45	2014 – 15	CIT (Appeals), Mumbai
Service Tax Rules, 1994	Service Tax	0.14	2009 – 10	Custom, Excise & Service tax appellate tribunal, Mumbai

* Net of pre-deposit paid in getting the stay/appeal admitted

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, managerial remuneration has been provided in accordance with the provisions of section 197 read with schedule V of the Act.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the
- standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Vadodara, 28 April 2019

Annexure 'B' to the Independent Auditor's Report

(Referred to in paragraph 2(f) 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 2019 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 issued by the Institute of Chartered Accountants of India ("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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' 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 on audit of internal financial controls over financial reporting 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 involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and

their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 2019, 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 issued by the ICAI.

Vadodara, 28 April 2019

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Balance Sheet as at March 31, 2019

₹ in crores

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	2	0.49	5.40	2.97
(b) Receivables	3			
(i) Trade Receivables		13.77	35.73	16.67
(c) Investments	4	277.79	124.64	112.68
(d) Other Financial assets	5	4.47	3.73	3.44
2 Non-financial assets				
(a) Current tax assets (Net)	6	51.75	21.98	22.99
(b) Property, plant and equipment	7	0.95	0.90	1.02
(c) Capital work-in-progress	8	-	0.05	0.02
(d) Intangible assets under development	9	0.29	0.22	0.07
(e) Goodwill	7	-	-	14.09
(f) Other Intangible assets	7	177.93	226.78	275.75
(g) Other non-financial assets	10	76.93	172.53	70.68
Total Assets		604.37	591.96	520.38
LIABILITIES AND EQUITY				
LIABILITIES				
1 Financial liabilities				
(a) Payables				
(i) Trade payables				
(i) total outstanding dues of creditors to micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	4.98	79.53	8.54
(b) Other financial liabilities	12	59.79	20.43	45.91
2 Non-financial liabilities				
(a) Provisions	13	5.27	4.14	3.41
(b) Other non-financial liabilities	14	7.11	12.36	0.89
3 EQUITY				
(a) Equity share capital	15	251.82	251.82	251.82
(b) Other equity	16	275.40	223.68	209.81
Total liabilities and equity		604.37	591.96	520.38
Significant Accounting Policies	1			
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

Place : Vadodara

Date : April 28, 2019

**For and on behalf of the Board of Directors of
L&T Investment Management Limited**

R. Shankar Raman

Director

(DIN - 00019798)

Kailash Kulkarni

Chief Executive Officer

Place : Mumbai

Date : April 28, 2019

Dinanath Dubhashi

Director

(DIN - 03545900)

Sandeep Agrawal

Head - Accounts

Statement of Profit and Loss for the year ended March 31, 2019

₹ in crores

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from operations			
(i) Interest Income	17	0.26	2.25
(ii) Dividend Income	18	0.17	-
(iii) Fees and commission Income	19	618.59	615.51
(iv) Net gain on fair value changes	20	9.92	6.21
I Total Revenue from operations		628.94	623.97
II Other income	21	0.27	1.55
III Total income (I + II)		629.21	625.52
Expenses			
(i) Finance costs	22	0.37	0.22
(ii) Fees and commission expense	23	330.05	410.55
(iii) Employee Benefits Expenses	24	91.04	66.96
(iv) Depreciation, amortization and impairment	25	49.47	63.75
(v) Other expenses	26	69.93	69.03
IV Total expenses		540.86	610.51
V Profit before tax (VII-VIII)		88.35	15.01
VI Tax expenses		-	-
VII Profit after tax for the year (V-VI)		88.35	15.01
VIII Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(0.20)	(1.14)
Total other comprehensive income		(0.20)	(1.14)
IX Total comprehensive income for the year (V+VI)		88.15	13.87
X Earnings per equity share			
Basic and Diluted (₹) (Face value of ₹ 10 per share)	35	3.51	0.60
Significant accounting policies	1		
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
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Director
(DIN- 03545900)

Sandeep Agrawal

Head - Accounts

Statement of Cash Flows for the year ended March 31, 2019

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit before tax	88.35	15.01
Adjustments for :		
Add/Less -		
Loss on sale of fixed assets	-	0.06
Interest on income tax	-	(1.31)
Depreciation and amortisation expense	49.47	63.75
Realised gain on investment in MF	(9.38)	(3.72)
Unrealised gain on investment in MF	(0.54)	(2.49)
Finance cost	0.37	0.22
Fixed Assets written off	0.08	0.12
Interest income	(0.26)	(2.25)
Provision for Employee Benefit Expenses	2.46	1.59
Operating profit before working capital changes	130.55	70.98
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets-</u>		
Other financial assets	(0.74)	(0.29)
Other non financial assets	95.60	(101.85)
Trade receivables	21.96	(19.06)
<u>Adjustments for increase / (decrease) in operating liabilities-</u>		
Trade payable	(74.55)	70.99
Other financial liabilities	9.14	(25.48)
Employee compensation paid	(1.51)	(2.02)
Other non financial liabilities	(11.46)	11.47
Cash generated from operations	168.99	4.74
Net income tax (paid)/refund	(29.77)	2.32
Net cash from operating activities (A)	139.22	7.06

Statement of Cash Flows for the year ended March 31, 2019

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
B. Cash flow from investing activities		
Purchases of fixed assets	(0.75)	(0.92)
Proceeds from sale of fixed assets	-	0.01
Inter-corporate deposits given	(3,622.00)	(1,177.84)
Inter-corporate deposits received back	3,622.00	1,177.84
Purchase of investment in mutual fund	(22,157.17)	(2,736.33)
Sale of investment in mutual fund	22,013.90	2,730.58
Interest received	0.26	2.25
Net cash used in investing activities (B)	(143.76)	(4.41)
C. Cash flow from financing activities		
Finance cost	(0.37)	(0.22)
Net cash used in financing activities (C)	(0.37)	(0.22)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(4.91)	2.43
Opening cash and cash equivalent	5.40	2.97
Closing cash and cash equivalent	0.49	5.40

Notes:

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Cash and cash equivalents represent cash and bank balances.
- Previous year figures have been regrouped/reclassified wherever applicable.

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

Place : Vadodara
Date : April 28, 2019

**For and on behalf of the Board of Directors of
L&T Investment Management Limited**

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Director
(DIN- 00019798)

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Chief Executive Officer
Place : Mumbai
Date : April 28, 2019

Dinanath Dubhashi

Director
(DIN- 03545900)

Sandeep Agrawal

Head - Accounts

Statement of Changes in Equity for the year ended March 31, 2019

a. **Equity share capital** ₹ in crores

Particulars	Number of Shares	Equity share capital
Paid up Capital at April 1, 2017	25,18,24,329.00	251.82
Changes in equity share capital during the year	-	-
Balance at March 31, 2018	25,18,24,329.00	251.82
Changes in equity share capital during the year	-	-
Balance at March 31, 2019	25,18,24,329.00	251.82

b. **Other Equity**

Particulars	Reserve and surplus			Total
	Securities premium reserve	Retained earnings	Other Comprehensive income	
Balance at April 1, 2017	658.89	(448.69)	(0.39)	209.81
Profit for the year	-	15.01	-	15.01
Other comprehensive income for the year, net of income tax	-	-	(1.14)	(1.14)
Total comprehensive income for the year	-	15.01	(1.14)	13.87
Balance at March 31, 2018	658.89	(433.68)	(1.53)	223.68
Profit for the year	-	88.35	-	88.35
Other comprehensive income for the year, net of income tax	-	-	(0.20)	(0.20)
Set off of accumulated losses against securities premium as per NCLT order (Refer Note 28)	(428.78)	428.78	-	-
Interim dividend payable	-	(30.22)	-	(30.22)
Dividend distribution tax payable	-	(6.21)	-	(6.21)
Total comprehensive income for the year	(428.78)	480.70	(0.20)	51.72
Balance at March 31, 2019	230.11	47.02	(1.73)	275.40

As per our report attached

For SHARP AND TANNAN

Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia

Partner
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Place : Vadodara
Date : April 28, 2019

**For and on behalf of the Board of Directors of
L&T Investment Management Limited**

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Place : Mumbai
Date : April 28, 2019

Dinanath Dubhashi

Director
(DIN- 03545900)

Sandeep Agrawal

Head - Accounts

Notes forming part of Financial Statements - March 31, 2019

Background

L&T Investment Management Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. 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. The Company is having its registered office at L&T House, NM Marg, Ballard Estate, Mumbai 400001. The principal shareholder of the Company as at 31st March, 2019 is L&T Finance Holdings Limited.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed in their meeting held on April 28, 2019.

Note 1: Summary of Significant Accounting Policies:

(a) Statement of compliance:

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 with effect from April 1, 2017 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non-Banking Finance Company (NBFC) and National Housing Board ('NHB') regulations as applicable. In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment.

(b) Basis of preparation and presentation:

The financial statements have been prepared on the historical cost basis except for certain

financial instruments that are measured at fair values at the end of each reporting period. Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.

(c) Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act") for NBFC. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

Amounts in the financial statements are presented in Indian Rupees as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee and rounded off to nearest crores.

(d) Operating cycle for current and non-current classification:

In the absence of the entity's normal operating cycle being clearly identifiable, its duration is assumed to be 12 months.

(e) Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Notes forming part of Financial Statements - March 31, 2019

(i) 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.

(ii) 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 / Goods & Service Tax (GST).

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iv) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

(v) Profit 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 method basis.

(f) Share Capital

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(g) Employee benefits

(i) Short term employee benefits:

Short term employee benefits include

salaries, allowances and performance incentives. A liability is recognised for the amount Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) Post-employment benefits:

(a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans: The employees' gratuity fund schemes and employee provident fund schemes managed by board of trustees established by the company, the post-retirement medical care plan and the pension plan represent defined benefit plans. The present value of the obligation under defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset

Notes forming part of Financial Statements - March 31, 2019

ceiling (if applicable) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to profit or loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit and Loss as employee benefit expenses. Interest cost implicit in defined benefit employee cost is recognised in the Statement of Profit and Loss under finance cost. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

(iii) Long term employee benefits:

The obligation recognised in respect of long term benefits such as long term compensated absences, long service award etc. is measured at present value of estimated future cash flows expected to be made by the Company and is recognised in a similar manner as in the case of defined benefit plans vide (ii) B above.

(iv) Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

(v) Contributions from employees or third parties to defined benefit plans:

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from

employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Company reduces service cost by attributing the contributions to periods of service using the attribution method required by Ind AS 19.70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Company reduces service cost in the period in which the related service is rendered / reduces service cost by attributing contributions to the employees' periods of service in accordance with Ind AS 19.70.

(VI) Employee stock option

The holding company (i.e. L&T Finance Holdings Limited) has constituted Employees Stock Options Scheme (the "Scheme"). 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 fair 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.

Notes forming part of Financial Statements - March 31, 2019

(h) Financial instruments:

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Financial assets:

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly

attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss.

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial liabilities and equity :

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments. Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

(i) Professional Fees :

Professional fees paid by the Company to underwriters / placement agencies to secure capital commitments, which are incremental and directly related to obtain investment commitments, are capitalized and amortized over the life of the fund, i.e. ten years.

(j) Taxation :

Current Tax

Tax on income for the current period is determined on the basis of taxable income (or on the basis of book profits wherever minimum alternate

Notes forming part of Financial Statements - March 31, 2019

tax is applicable) and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets in respect of unutilised tax credits which mainly relate to minimum alternate tax are recognised to the extent it is probable of such unutilised tax credits will get realised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of reporting period, to recover

or settle the carrying amount of its assets and liabilities.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

(k) Provisions, Contingent Liabilities & Contingent Assets :

Provisions are recognised only when:

- (i) an entity has a present obligation (legal or constructive) as a result of a past event; and
- (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

- (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- (ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

(l) Earning Per Shares

The Company presents basic and diluted earnings

Notes forming part of Financial Statements - March 31, 2019

per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(m) Cash and cash equivalents :

Cash and Cash Equivalents also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. 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.

(n) Statement of Cash flow statement :

Statement of cash flows is prepared segregating the cash flows into operating, investing and financing activities. cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii) non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of

balance sheet are also included under this category with a specific disclosure.

(o) 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 investment advisory / management services. 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.

(p) Service tax / GST input credit :

Service tax / GST 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.

(q) Investments - Fair value Measurement

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. The Company measures financial instruments such as investments in mutual funds at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

(r) Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires that 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. The estimates and underlying assumptions are reviewed on an ongoing basis. The Management believes that the estimates used in preparation of the financial statements are prudent and

Notes forming part of Financial Statements - March 31, 2019

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.

The areas involving critical estimates or judgements are:

Recognition of deferred tax assets for carried forward tax losses :- The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

(s) Recent amendments under Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs (“MCA”), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from April 1, 2019.

Ind AS - 116

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The company will apply the standard to its leases, retrospectively, with the cumulative effect of

initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the company will not restate comparative information, instead, the cumulative effect of initially applying this standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. The Company does not expect any material impact on account of Ind AS 116 adoption.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement as the company is not declaring any dividend.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect any material impact on account of this amendment.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any material impact on account of this amendment.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific

Notes forming part of Financial Statements - March 31, 2019

borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any material impact on account of this amendment.

Ind AS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not

applied. The Company does not currently have any long-term interests in associates and joint ventures.

Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not expect any material impact on account of this amendment.

Notes forming part of Financial Statements - March 31, 2019

2 Cash and cash equivalents		₹ in crores		
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
Balances with banks (In current accounts of schedule banks)	0.49	5.40	2.97	
Total	0.49	5.40	2.97	
3 Receivables		₹ in crores		
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
Trade receivables				
Receivables considered good - unsecured	13.77	35.73	16.67	
Total	13.77	35.73	16.67	
4 Investments		₹ in crores		
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
(A)				
(i) At amortised cost				
- Equity instruments	0.05	0.05	0.05	
(ii) At fair value				
(a) Through profit or loss:				
- Mutual funds	277.74	124.59	112.63	
Total (A) = (i)+(ii)	277.79	124.64	112.68	
(B)				
(I) Investments outside India				
(i) At amortised cost	-	-	-	
(ii) At fair value				
(a) Through profit or loss:	-	-	-	
Total (B) (I) = (i)+(ii)	-	-	-	
(II) Investments in India				
(i) At amortised cost	0.05	0.05	0.05	
(ii) At fair value through profit or loss	277.74	124.59	112.63	
Total (B) = B(I) + B(II)	277.79	124.64	112.68	
5 Other financial assets		₹ in crores		
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
Deposit paid	4.20	3.66	3.42	
Other receivables	0.26	0.01	0.01	
Other receivable from related Party	0.01	0.06	0.01	
Total	4.47	3.73	3.44	
6 Current tax assets (Net)		₹ in crores		
Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	
Advance income tax (Including tax deducted at source)	51.75	21.98	22.99	
Total	51.75	21.98	22.99	

7 Property, plant and equipment

Tangible assets :	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the Year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018	
Leasehold improvements	0.11	0.10	0.01	0.20	0.05	0.04	0.01	0.08	0.12	0.06	
Computers	0.43	0.27	0.01	0.69	0.16	0.13	0.01	0.28	0.41	0.27	
Furniture and fittings	0.04	0.06	0.03	0.07	0.01	0.02	-	0.03	0.04	0.03	
Office equipment	0.23	0.02	0.08	0.17	0.07	0.04	0.04	0.07	0.10	0.16	
Vehicles	0.40	-	-	0.40	0.02	0.10	-	0.12	0.28	0.38	
	1.21	0.45	0.13	1.53	0.31	0.33	0.06	0.58	0.95	0.90	
Intangible assets :											
	GROSS BLOCK			AMORTISATION			NET BLOCK				
As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the Year	Deductions	As at March 31, 2019	As at March 31, 2018			
Specialised softwares	7.41	0.29	7.70	6.85	0.52	-	7.37	0.56			
Asset management rights	486.55	-	486.55	260.33	48.62	-	308.95	226.22			
	493.96	0.29	494.25	267.18	49.14	-	316.32	177.93			
Previous year								226.78			
Tangible assets :	GROSS BLOCK						DEPRECIATION AND AMORTISATION			NET BLOCK	
As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the Year	Deductions	As at March 31, 2018	As at March 31, 2017			
Leasehold improvements	0.15	0.04	0.11	-	0.05	-	0.05	0.06			
Computers	0.60	0.11	0.43	-	0.30	0.14	0.16	0.60			
Furniture and fittings	0.04	-	0.04	-	0.01	-	0.01	0.04			
Office equipment etc.:	0.23	-	0.23	-	0.07	-	0.07	0.23			
Vehicles	-	0.40	0.40	-	0.02	-	0.02	0.38			
	1.02	0.51	1.21	-	0.45	0.14	0.31	1.02			
Intangible assets :											
	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK				
As at April 01, 2017	Additions	Deductions	As at March 31, 2018	As at April 01, 2017	For the Year	Deductions	As at March 31, 2018	As at March 31, 2017			
Specialised softwares	7.18	0.23	7.41	6.28	0.57	-	6.85	0.56			
Asset management rights	486.55	-	486.55	211.70	48.63	-	260.33	274.85			
	493.73	0.23	493.96	217.98	49.20	-	267.18	275.75			

₹ in crores

Notes forming part of Financial Statements - March 31, 2019

8 Capital work-in-progress ₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
CWIP others	-	0.05	0.02
Total	-	0.05	0.02

9 Intangible assets under development ₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Intangible assets under development	0.29	0.22	0.07
Total	0.29	0.22	0.07

10 Other non-financials Assets ₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	61.79	168.28	70.28
Advances to suppliers	0.17	4.13	0.37
Advances to employees	0.06	0.12	0.03
Advances to related party	0.22		
Statutory dues recoverable	14.69	-	-
Total	76.93	172.53	70.68

11 Payables ₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade payables	0.05	61.23	0.12
Expense on employees stock option plan payable	2.75	16.49	7.17
Due to related parties	2.18	1.81	1.25
Total	4.98	79.53	8.54

12 Other financial liabilities ₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Employee benefits payable	21.85	13.60	11.07
Unclaimed cheques	0.01	0.01	0.01
Due to related parties	0.45	-	0.02
Interim dividend payable	30.22	-	-
Provision for expenses	7.18	6.77	34.75
Other payables	0.08	0.05	0.06
Total	59.79	20.43	45.91

Notes forming part of Financial Statements - March 31, 2019

13 Provisions

₹ in crores

Particulars	As at		As at
	March 31, 2019	March 31, 2018	April 01, 2017
Provision for employee benefits			
Compensated absences	3.00	2.51	2.15
Gratuity	2.27	1.63	1.26
Total	5.27	4.14	3.41

14 Other non-financial liabilities

₹ in crores

Particulars	As at		As at
	March 31, 2019	March 31, 2018	April 01, 2017
Statutory liabilities	0.90	12.36	0.89
Dividend distribution tax payable	6.21	-	-
Total	7.11	12.36	0.89

15 Share Capital

(a) Share capital authorised, issued, subscribed and paid up:

₹ in crores

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised						
Equity shares of INR 10 each with voting rights	55,12,57,920	551.26	55,12,57,920	551.26	55,12,57,920	551.26
Compulsory convertible preference shares of INR 100 each	33,00,000	33.00	33,00,000	33.00	33,00,000	33.00
Non-convertible preference shares of INR 100 each	2,20,00,000	220.00	2,20,00,000	220.00	2,20,00,000	220.00
Non-convertible preference shares of INR 10 each	65,00,00,000	650.00	65,00,00,000	650.00	65,00,00,000	650.00
	122,65,57,920	1,454.26	122,65,57,920	1,454.26	122,65,57,920	1,454
Issued						
Equity shares of INR 10 each fully paid	25,18,24,329	251.82	25,18,24,329	251.82	31,12,85,190	31,128.52
	25,18,24,329	251.82	25,18,24,329	251.82	31,12,85,190	31,128.52
Subscribed and Paid up						
Equity shares of INR 10 each fully paid	25,18,24,329	251.82	25,18,24,329	251.82	25,18,24,329	251.82
	25,18,24,329	251.82	25,18,24,329	251.82	25,18,24,329	251.82

59,460,861 Equity shares of INR 10 each which were issued but not subscribed /allotted were cancelled with effect from 25th September, 2017.

(b) Reconciliation of the number of equity shares and share capital:

₹ in crores

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Equity shares at the beginning of the year	25,18,24,329	251.82	25,18,24,329	251.82	25,18,24,329	251.82
Add: Shares issued during the year	-	-	-	-	-	-
Equity shares at the end of the year	25,18,24,329	251.82	25,18,24,329	251.82	25,18,24,329	251.82

Notes forming part of Financial Statements - March 31, 2019

(c) Shares held by holding company (including its nominee)

₹ in crores

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ₹10/- each fully paid	25,18,24,329	251.82	25,18,24,329	251.82	25,18,24,329	251.82

25,18,24,329 equity shares (25,18,24,329 as at 31st March, 2018) are held by the holding company, including 7 equity shares (7 as at 31st March, 2018) held by nominees of the holding company where the beneficial ownership is with the holding company.

(d) Details of shareholders holding more than five percent equity shares in the Company are as under:

₹ in crores

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
L&T Finance Holdings Limited (including its nominee)	25,18,24,329	100.00	25,18,24,329	100.00	25,18,24,329	100.00

25,18,24,329 equity shares (25,18,24,329 as at 31st March, 2018) are held by the holding company, including 7 equity shares (7 as at 31st March, 2018) held by nominees of the holding company where the beneficial ownership is with the holding company.

(e) Terms / Rights Attached to Equity shares:

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 company shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholdings.

- (f) There are no shares allotted for consideration other than cash during 5 years immediately preceding 31st March 2019.
- (g) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding 31st March 2019.
- (h) There are no shares bought back during 5 years immediately preceding 31st March 2019.

16 Other Equity

₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Securities premium account	230.11	658.89	658.89
Retained earnings	47.02	(433.68)	(448.69)
Other comprehensive income	(1.73)	(1.53)	(0.39)
Total	275.40	223.68	209.81

16.1 Retained Earnings

₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	(433.68)	(448.69)	(421.66)
Set off of accumulated losses as per NCLT order	428.78	-	-
Addition during the year	88.35	15.01	(27.03)
Interim dividend payable	(30.22)	-	-
Dividend distribution tax payable	(6.21)	-	-
Balance at end of year	47.02	(433.68)	(448.69)

Retained Earnings are the profits that the Company has earned till date, less any transfers to General Reserves, dividends or other distributions paid to shareholders etc.

Notes forming part of Financial Statements - March 31, 2019

16.2 Securities premium

₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	658.89	658.89	658.89
Addition during the year	-	-	-
Deletion during the year			
- SET off of accumulated losses as per NCLT order	(428.78)	-	-
Balance at end of year	230.11	658.89	658.89

Securities premium reserve is used to record the premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

16.3 Other comprehensive income

₹ in crores

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balance at beginning of year	(1.53)	(0.39)	(0.24)
Remeasurement of defined benefit plans	(0.20)	(1.14)	(0.15)
Deletion during the year			
Balance at end of year	(1.73)	(1.53)	(0.39)

17 Interest income

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on loans		
On financial assets measured at: Amortised Cost	0.26	2.25
Total	0.26	2.25

18 Dividend Income

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Dividend received from mutual fund	0.17	-
Total	0.17	-

19 Fees and commission Income

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Management fees	618.59	615.51
Total	618.59	615.51

Notes forming part of Financial Statements - March 31, 2019

20 Net gain on fair value changes

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments	9.28	4.33
	9.28	4.33
(ii) On non-trading portfolio		
- Investments	0.64	1.88
	0.64	1.88
Total net gain on fair value changes (i) + (ii)	9.92	6.21
(B) Fair value changes:		
-Realised	9.38	3.72
-Unrealised	0.54	2.49
Total Net gain on fair value changes	9.92	6.21

21 Other income

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on income tax refund	-	1.31
Other income	0.27	0.24
Total	0.27	1.55

22 Finance costs

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on borrowings	0.09	-
Interest cost on gratuity	0.10	0.07
Interest cost on compensated absence	0.18	0.15
Total	0.37	0.22

Notes forming part of Financial Statements - March 31, 2019

23 Fees and commission expense

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Mutual fund scheme and distribution expenses	330.05	410.55
Total	330.05	410.55

24 Employee Benefits Expenses

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	65.24	51.16
Contribution to provident and other funds	2.56	2.44
Gratuity	0.69	0.56
Expense on employee stock option plan	20.88	11.57
Staff welfare expenses	1.67	1.23
Total	91.04	66.96

25 Depreciation, amortization and impairment

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation	0.33	0.46
Amortisation on asset management rights	49.14	49.20
Amortisation of goodwill	-	14.09
Total	49.47	63.75

Notes forming part of Financial Statements - March 31, 2019

26 Other Expenses

₹ in crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rent	11.62	10.48
Rates and taxes	0.01	0.09
Repairs and maintenance	9.59	7.62
Communication expenses	1.35	1.37
Printing and stationery	1.50	0.81
Advertisement and publicity	25.96	29.19
Director's fees, allowances and expenses	0.04	0.09
Auditor's remuneration		
Audit fees	0.16	0.16
Expenses reimbursed	0.01	-
Limited review fees	0.08	0.08
Certification fees	0.02	0.03
Tax audit fees	0.03	0.03
Legal and professional charges	5.27	5.69
Insurance	0.17	0.09
Electricity charges	0.06	0.15
Filing fees	0.95	0.56
Outsource service charges	7.02	7.18
Membership and subscription	2.55	2.69
Donations	0.36	0.17
Corporate support charges	0.82	0.65
Loss on sale of assets	-	0.06
Travelling and conveyance	1.13	1.33
Brand license fee	0.91	0.26
Stamping charges	-	0.01
Miscellaneous expenses	0.32	0.24
Total	69.93	69.03

Notes forming part of Financial Statements - March 31, 2019

27 Fair value measurements

₹ in Crores

Financial instruments by category

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets									
Investments									
- Equity instruments	-	-	0.05	-	-	0.05	-	-	0.05
- Mutual funds	277.74	-		124.59	-		112.63	-	
Trade receivables	-	-	13.77	-	-	35.73	-	-	16.67
Cash and cash equivalents	-	-	0.49	-	-	5.40	-	-	2.97
Other Financial Assets			4.47			3.73			3.44
Total financial assets	277.74	-	18.78	124.59	-	44.91	112.63	-	23.13
Financial liabilities									
Trade payables	-	-	4.98	-	-	79.53	-	-	8.54
Other Financial Liabilities	-	-	59.79	-	-	20.43	-	-	45.91
Total financial liabilities	-	-	64.77	-	-	99.96	-	-	54.45

Items of Income, expense, gains or losses

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Net gain/ (losses) on financial assets and financial liabilities						
Dividend Income	0.17	-	-	-	-	-
Gain/ (loss) on fair valuation or sale of investment in mutual fund units	9.92	-	-	6.21	-	-
Interest Income	-	-	0.26	-	-	2.25
Interest Expenses	-	-	0.37	-	-	0.22

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes forming part of Financial Statements - March 31, 2019

₹ in Crores

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
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As at March 31, 2019

Financial assets

Financial Investments at FVTPL

Mutual funds	4	277.74	-	-	277.74
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Total financial assets

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
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As at March 31, 2018

Financial assets

Financial Investments at FVTPL

Mutual funds	4	124.59	-	-	124.59
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Total financial assets

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
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As at April 1, 2017

Financial assets

Financial Investments at FVTPL

Mutual funds	4	112.63	-	-	112.63
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Total financial assets

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfers between levels 1 and 2 during the year.

(ii) Valuation processes:

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Notes forming part of Financial Statements - March 31, 2019

28 Financial risk management

₹ in Crores

The Company's activities expose it to market risk, liquidity risk and credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables, Other financial assets measured at amortised cost	Aging analysis Credit ratings	Diversification of bank deposits, credit limits
Liquidity risk	Trade payables and Other current liabilities	Rolling cash flow forecasts	Working Capital Management
Market risk – security prices	Investments in units of mutual funds	Sensitivity analysis	Portfolio diversification

(A) Credit risk

Credit risk arises from investments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables.

Trade receivable

The Company renders services to related entities only and as such credit risk of trade receivable is not expected to be significant considering the credit worthiness of the related entities. The Company closely monitors the ageing of its trade receivables to ensure the non-receipt of payment is escalated and recovered.

Deposits with banks

The Company performs a qualitative assessment of credit risk on its cash and cash equivalents. The Company maintains its current deposits with banks having good reputation, good past track record and high quality credit rating and also reviews their credit-worthiness on an on-going basis.

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements.

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes forming part of Financial Statements - March 31, 2019

₹ in Crores

Contractual maturities of financial liabilities 31 March 2019	Less than one year		
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
Non-derivatives			
Trade payables	4.98	79.53	8.54
Other financial liabilities	59.79	20.43	45.91
Total non-derivative liabilities	64.77	99.96	54.45

(C) Market Risk

The Company's exposure to investment in mutual funds held as FVTPL exposes it to price risk. To manage this risk, the Company diversifies its portfolio.

29 Capital management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

30 Contingent liabilities and capital commitments

₹ in Crores

Particulars	As at	As at	As at
	March 31, 2019	March 31, 2018	April 1, 2017
Contingent Liabilities:			
a) Claim against the Company not acknowledged as debt: Sales tax/ VAT / Service Tax matter in dispute*	0.14	0.14	0.14
Commitments :			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for **	0.86	0.74	0.01

* In respect of disputes, the company is hopeful of succeeding in appeals and does not expect any significant liabilities to materialise.

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

Commitments (to the extent not provided for) :

** Estimated amount of contracts remaining unexecuted on capital account (net of advances) for tangible assets - INR 0.15 crores and for intangible assets INR 0.71 Crores (as at March, 2018 - for tangible assets - INR 0.67 Crores and for intangible assets - INR 0.07 crores, as at 31st March, 2017- for tangible assets - INR 0.01 crores and for intangible assets - Nil).

31 Segment reporting

The Board of directors are the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance.

Notes forming part of Financial Statements - March 31, 2019

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.

32 Foreign currency expenditure

₹ in Crores

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Legal and professional charges		0.10
Advertising and publicity		0.05
Repairs and maintenance	1.56	0.02
Total	1.56	0.17

Realised foreign exchange loss recognised in the Statement of Profit and Loss during the year is INR 0.00 Crores (INR 0.00 Crores for financial year 2018-19)

33 Employee stock options plan

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), stock options have been granted to the employees of the Company. Total cost incurred by the holding company in respect of options granted to employees of the company amounts, recovery of the same and future period expense details are following:

₹ in Crores

As at	Total cost incurred by Holding company (i.e. L&T Finance Holdings Limited)	Expense recovered by holding company till end of financial year	Expenses charged to statement of profit and loss for the year	Expenses charged to retained earning on transition date April 1, 2017	Remaining expenses to be recovered in future periods
(A)	(B)	(C)	(D)	(E)	(F) = (B-C)
March 31, 2019	66.41	39.23	20.88	-	27.18
March 31, 2018	53.01	18.35	11.57	-	34.67
April 1, 2017	13.34	6.77	-	7.17	6.57

34 Micro and Small Enterprises

There are no dues to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the Company.

35 Earnings Per Share:

EPS is computed by dividing the net profit after tax by the weighted average number of equity shares.

Notes forming part of Financial Statements - March 31, 2019

Particulars	Unit	For the year ended March 31, 2019	For year ended March 31, 2018
Profit available to equity shareholders (A)			
Profit after tax	₹ in Crores	88.35	15.01
Weighted average number of equity shares			
Number of shares at the beginning of the year	No.	25,18,24,329	25,18,24,329
Shares issued during the year	No.	-	-
Total number of equity shares outstanding at the end of the year	No.	25,18,24,329	25,18,24,329
Weighted average number of equity shares (B)	No.	25,18,24,329	25,18,24,329
Nominal value of equity shares	₹	10/-	10/-
Basic and Diluted earnings per share [(A)/(B)]	₹	3.51	0.60

36 Deferred tax balances

Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) Major components of tax expense/(income):

₹ in crores

Sr. No.	Particulars	2018-19	2017-18
	Statement of Profit and Loss:		
(a)	Profit and Loss section:		
(i)	Current Income tax :		
	Current income tax expense	0	0
		0	0
(ii)	Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	(5.70)	(6.63)
	Effect of previously unrecognised tax losses and tax offsets on which deferred tax benefit is recognised	5.70	6.63
	Effect on deferred tax balances due to the change in income tax rate		
		0	0

Notes forming part of Financial Statements - March 31, 2019

- (b) Reconciliation of Income tax expense and accounting profit multiplied by domestic tax rate applicable in India:

₹ in crores

Sr. No.	Particulars	2018-19	2017-18
(a)	Profit before tax	88.35	15.01
(b)	Corporate tax rate as per Income tax Act, 1961	34.94%	34.61%
(c)	Tax on accounting profit (c)=(a)*(b)	30.87	5.20
(d)	(i) Tax on Income exempt from tax :		
	(A) Dividend income and interest on tax free bonds	(0.06)	-
	(ii) Tax on expense not tax deductible :		-
	Corporate Social Responsibility (CSR) expenses not deductible	0.02	0.01
	(iii) Set off of brought forward loss	(39.20)	(13.52)
	(iv) Effect of recognition of deferred tax asset on unused tax losses to the extent of deferred tax liability on temporary differences	5.70	6.63
	(v) Tax effect on various other Items	2.67	1.68
	Total effect of tax adjustments [(i) to (xi)]	(30.87)	(5.20)
(e)	Tax expense recognised during the year (e)=(c)-(d)	0.00	(0.00)
(f)	Effective tax Rate (f)=(e)/(a)	0.00%	0.00%
(c)	(i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet		

₹ in crores

Particulars	As at 31-3-2019		As at 31-3-2018		As at 31-3-2017	
	Amount	Expiry year	Amount	Expiry year	Amount	Expiry year
Tax losses (Business loss and unabsorbed depreciation)						
- Amount of losses having expiry			38.17	AY 2020-26	74.25	AY2019-26
- Amount of losses having no expiry	293.27		346.87		351.91	
Total	293.27		385.04		426.16	

Notes forming part of Financial Statements - March 31, 2019

(d) Major components of Deferred Tax Liabilities and Deferred Tax Assets:

₹ in crores

Particulars	Deferred tax liabilities/(assets) as at 01-04-2018	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/(assets) as at 31-3-2019
Deferred tax liabilities:			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	29.44	(5.35)	24.09
-Fair value of investments (routed through FVTPL and FVTOCI)	-	1.98	1.98
Deferred tax liabilities:	29.44	(3.37)	26.07
Deferred tax (assets):			
-Carried forward tax losses	(27.31)	5.70	(21.61)
-Defined benefit obligation (Gratuity and Leave encashment)	(1.29)	(0.35)	(1.64)
- Provision for Expenses	(0.84)	(1.97)	(2.82)
Deferred tax (assets):	(29.44)	3.37	(26.07)
Net deferred tax liability/(assets)	-	-	-

(d) Major components of Deferred Tax Liabilities and Deferred Tax Assets:

Particulars	Deferred tax liabilities/(assets) as at 01-04-2017	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/(assets) as at 31-3-2018
Deferred tax liabilities:			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	35.63	(6.19)	29.44
-Fair value of investments (routed through FVTPL and FVTOCI)	-	-	-
Deferred tax liabilities:	35.63	(6.19)	29.44
Deferred tax (assets):			
-Carried forward tax losses	(33.94)	6.63	(27.31)
-Defined benefit obligation (Gratuity and Leave encashment)	(1.06)	(0.23)	(1.29)
- Provision for Expenses	(0.62)	(0.23)	(0.84)
-Other items giving rise to temporary differences	(0.01)	0.01	-
Deferred tax (assets):	(35.63)	6.19	(29.44)
Net deferred tax liability/(assets)	-	-	-

Notes forming part of Financial Statements - March 31, 2019

37 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

₹ in Crores

Particulars	As at March 31, 2019			As at March 31, 2018			As at March 31, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	0.49	-	0.49	5.40	-	5.40	2.97	-	2.97
Trade receivables	13.77	-	13.77	35.73	-	35.73	16.67	-	16.67
Investments	258.05	19.74	277.79	105.65	18.99	124.64	95.57	17.11	112.68
Other financial assets	0.31	4.16	4.47	0.84	2.89	3.73	0.11	3.33	3.44
Non-financial assets									
Current tax asset	-	51.75	51.75	-	21.98	21.98	-	22.99	22.99
Property, plant and equipment	-	0.95	0.95	-	0.90	0.90	-	1.02	1.02
Capital WIP	-	-	-	-	0.05	0.05	-	0.02	0.02
Intangible assets under development	-	0.29	0.29	-	0.22	0.22	-	0.07	0.07
Goodwill	-	-	-	-	-	-	-	14.09	14.09
Other intangible assets	-	177.93	177.93	-	226.78	226.78	-	275.75	275.75
Other non-financial assets	60.91	16.02	76.93	132.59	39.94	172.53	51.66	19.02	70.68
Total assets	333.53	270.84	604.37	280.21	311.75	591.96	166.98	353.40	520.38
LIABILITIES									
Financial liabilities									
Trade payables									
(i) total outstanding dues of creditors to micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.98	-	4.98	79.53	-	79.53	8.54	-	8.54
Other financial liabilities	59.79	-	59.79	20.43	-	20.43	45.91	-	45.91
Non-financial liabilities									
Provisions	3.00	2.27	5.27	2.51	1.63	4.14	2.15	1.26	3.41
Other non-financial liabilities	7.11	-	7.11	12.36	-	12.36	0.89	-	0.89
Total liabilities	74.88	2.27	77.15	114.83	1.63	116.46	57.49	1.26	58.75
Net (Total assets - Total Liabilities)	258.65	268.57	527.22	165.38	310.12	475.50	109.49	352.14	461.63

38 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

(i) Defined Contribution plans :

The Company recognise charges of ₹ 1.42 Crores (previous year ₹ 1.68 Crores) for provident fund contribution, ₹ 0.45 Crores (previous year ₹ 0.06 Crores) for family pension fund and ₹ 0.67 Crores (previous year ₹ 0.68 Crores) for superannuation fund contributions in the Statement of Profit and Loss.

Notes forming part of Financial Statements - March 31, 2019

(ii) Defined benefits Gratuity Plan

(a) The amounts recognised in Balance Sheet are as follows:

₹ in crores

Particulars	Gratuity Plan		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
A) Present Value of Defined Benefit Obligation			
- Wholly funded	4.59	3.76	2.83
- Wholly unfunded	-	-	-
	4.59	3.76	2.83
Less : Fair Value of plan assets	(2.32)	(2.13)	(1.57)
Add : Amount not recognised as an asset	-	-	-
Amount to be recognised as liability or (asset)	2.27	1.63	1.26
B) Amounts reflected in Balance Sheet			
Liabilities	2.27	1.63	1.26
Assets	-	-	-
Net liability/(asset)	2.27	1.63	1.26
Net liability/(asset) - current	-	-	-
Net liability/(asset) - non-current	2.27	1.63	1.26

(b) The amounts recognised in the Statement of Profit and Loss are as follows:

₹ in crores

Particulars	Gratuity Plan	
	As at March 31, 2019	As at March 31, 2018
1 Current Service Cost	0.69	0.56
2 Interest Cost	0.10	0.07
3 Interest Income on Plan Assets	-	-
4 Actuarial losses/(gains) - others	0.12	1.14
5 Actuarial losses/(gains) - difference between actuarial return on plan assets	0.08	0.00
6 Past Service Cost	-	-
7 Actuarial gain/(loss) not recognised in Books	-	-
8 Translation adjustments	-	-
9 Amount capitalised out of the above/ recovered from S&A		
Total (1 to 9)	0.99	1.77
i Amount included in "employee benefits expenses"	0.69	0.56
ii Amount included in as part of "finance cost"	0.10	0.07
iii Amount included as part of "Other Comprehensive income"	0.20	1.14
Total (i + ii + iii)	0.99	1.77

Notes forming part of Financial Statements - March 31, 2019

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

₹ in crores

Particulars	Gratuity Plan		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the present value of defined benefit obligation	3.76	2.83	2.69
Add : Current Service Cost	0.69	0.56	0.54
Add : Interest Cost	0.27	0.20	0.21
Add : Actuarial losses/(gains)			
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.12	0.56	0.17
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	-**	0.18	-
ii) Actuarial (gains)/losses arising from changes in experience adjustments	-**	0.40	(0.06)
Less : Benefits paid	(0.25)	(0.98)	(0.68)
Add : Past service cost	-	-	-
Add : Liability assumed/(settled)*	-**	0.01	-0.04
Add/(less) : Translation adjustments	-	-	-
Closing balance of the present value of defined benefit obligation	4.59	3.76	2.83

**Amount is less than 10 Lakh

(d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows

₹ in crores

Particulars	Gratuity Plan		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Opening balance of the fair value of the plan assets	2.14	1.57	1.78
Add : Interest income of plan assets	0.17	0.14	0.16
Add/(less) : Actuarial gains/(losses)	(0.08)	-**	(0.04)
(Difference between actual return on plan assets and interest income)			
Add : Contribution by the employer	0.34	1.42	0.34
Add/(less) : Contribution by plan participants		-	-
Less : Benefits paid	(0.25)	(0.98)	(0.68)
Closing balance of plan assets	2.32	2.14	1.57

Notes forming part of Financial Statements - March 31, 2019

(e) The fair value of major categories of plan assets are as follows:

₹ in crores

Particulars	Gratuity Plan		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1 Government of India Securities	-	-	-
2 Corporate Bonds	-	-	-
3 Special Deposit Scheme	-	-	-
4 Insurer Managed Funds (Unquoted)	2.32	2.14	1.57
5 Others	-	-	-

(f) Principal actuarial assumptions at the valuation date:

₹ in crores

Particulars	Gratuity Plan		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
1 Discount rate (per annum)	7.20%	7.65%	7.40%
2 Salary escalation rate (per annum)	9.00%	9.00%	6.00%

(A) Discount rate:

Discount rate based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

(B) Salary escalation rate:

The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

(g) Attrition Rate:

The attrition rate varies from 0% to 25% (previous year: 0% to 25%) for various age groups.

(h) Mortality:

Published rates under the Indian Assured Lives Mortality (2012-14) Ult table.

(i) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(j) Sensitivity Analysis

One percentage point change in actuarial assumption would have the following effects on the defined benefit obligation:

₹ in crores

Particulars	Gratuity Plan			
	Effect of 1% increase		Effect of 1% decrease	
	2018-19	2017-18	2018-19	2017-18
1 Discount rate (per annum)	(0.26)	(0.22)	0.29	0.24
2 Salary escalation rate (per annum)	0.28	0.24	(0.26)	(0.22)

Notes forming part of Financial Statements - March 31, 2019

39 Lease arrangements

Operating lease arrangements

Company as Lessee

The Company have taken motor vehicles, furniture and fixtures and premises on operating leases / non-cancellable operating leases. Lease Payments recognized in the Statement of Profit and Loss during the year is ₹11.62 Crores (Previous year ₹ 10.21 Crores). The future minimum lease payments in respect of which as at March 31, 2019 are as follows / Disclosures in respect of non-cancellable leases are given below:

Payments recognised as an expense

₹ in crores

	For the year ended 31 March, 2019	For the year ended 31 March, 2018
Minimum lease payments	11.62	10.48
Total	11.62	10.48

Non-cancellable operating lease commitments

₹ in crores

	As at 31 March, 2019	As at 31 March, 2018	As at 1 April, 2017
Not later than 1 year	1.02	8.43	7.44
Later than 1 year and not later than 5 years	0.55	1.02	8.48
Later than 5 years	-	-	-
Total	1.57	9.45	15.92

40 Related Party Disclosures: Ind AS -24 "Related Party Transaction"

(a) List of Related Parties (with whom transactions were carried out during current or previous year)

A. Ultimate Holding Company

1. Larsen & Toubro Limited

B. Holding Company

2. L&T Finance Holdings Limited

C. Fellow Subsidiary Companies

3. L&T Finance Limited
4. Larsen & Toubro Infotech Limited
5. L&T Housing Finance Limited
6. L&T Capital Markets Limited
7. L&T Infrastructure Finance Company Limited
8. L&T Financial Consultants Limited

D. Key Management Personnel

9. Kailesh Kulkarni (Chief Executive Officer)
10. Mr M.V Nair (Independent Director)
11. Mr P H Ravikumar (Independent Director) (Ceased to be a Director with effect from July 21, 2017)
12. Ms. Anisha Motwani (Independent Director) (Appointed as Director with effect from April 10, 2017)

Notes forming part of Financial Statements - March 31, 2019

(b) Disclosure of related party transactions :-

		₹ in crores	
Sr. No.	Nature of Transaction*	2018-19	2017-18
Transactions			
1	Inter corporate deposits given		
	L&T Infrastructure Finance Company Limited	-	47.20
	L&T Finance Limited	133.25	967.94
	L & T Housing Finance Limited	-	162.70
2	Inter corporate deposits received back (including interest)		
	L&T Infrastructure Finance Company Limited	-	47.20
	L&T Finance Limited	133.25	967.94
	L & T Housing Finance Limited	-	162.70
3	Inter corporate deposits borrowed		
	L&T Finance Holdings Limited	36.22	-
4	Inter corporate deposits repaid		
	L&T Finance Holdings Limited	36.31	-
5	Interest received on inter corporate deposits		
	L&T Infrastructure Finance Company Limited	-	0.04
	L&T Finance Limited	0.26	1.97
	L&T Housing Finance Limited	-	0.23
6	Interest paid on inter corporate deposits		
	L&T Finance Holdings Limited	0.09	-
7	Brand license fees		
	Larsen & Toubro Limited	0.91	0.26
8	Corporate support charges paid		
	L&T Finance Holdings Limited	0.82	0.65
9	Rent expense (net)		
	L&T Finance Limited	2.33	1.77
	L&T Financial Consultants Limited	8.26	7.82
	L&T Housing Finance Limited	(0.04)	0.03
10	Professional Fees Expense		
	Larsen & Toubro Limited	0.10	0.12
	L&T Finance Holdings Limited	-	0.08

Notes forming part of Financial Statements - March 31, 2019

		₹ in crores	
Sr. No.	Nature of Transaction*	2018-19	2017-18
11	Expense on employee stock option plan		
	L&T Finance Holdings Limited	20.88	11.57
12	Repairs and maintenance		
	Larsen & Toubro Limited	0.02	0.03
	L&T Financial Consultants Limited	3.21	3.17
	Larsen & Toubro Infotech Limited	0.18	0.20
13	Miscellaneous Expenses		
	Larsen & Toubro Limited	0.00	0.00
14	Advertisement and publicity (Mutual fund scheme distribution and business promotion expenses)		
	L&T Capital Market Limited	6.23	16.66
	Larsen & Toubro Limited	-	0.00
15	Staff welfare expenses		
	Larsen & Toubro Limited	-	0.01
16	Interest income		
	L&T Financial Consultants Limited	0.27	0.24
17	Travelling and conveyance		
	L&T Financial Consultants Limited	0.02	-
18	Fixed assets purchased from		
	Larsen & Toubro Infotech Limited	-	0.08
19	Security deposit paid		
	L&T Financial Consultants Limited	0.24	-
20	Compensation paid to Key Management Personnel :		
	Name of Key Management Personnel	2018-19	2017-18
		Short-Term employee benefits	Short-Term employee benefits
1	Mr Kailash Kulkarni **	5.30	6.46
2	Mr M.V Nair	0.01	0.04
3	Mr P H Ravikumar	-	0.02
4	Ms. Anisha Motwani	0.02	0.03

Notes forming part of Financial Statements - March 31, 2019

(c) Amount due to/from Related Parties:

₹ in crores

S. No.	Nature of transactions	As at March 31,2019	As at March 31,2018	As at March 31,2017
1	Accounts payable			
	L&T Capital Markets Limited	0.04	0.90	1.12
	L&T Finance Limited	0.41	0.56	0.10
	Larsen & Toubro Infotech Limited	0.11	0.01	0.02
	L&T Finance Holdings Limited	33.12	16.49	7.17
	L&T Financial Consultants Limited	1.01	0.07	
	L&T Housing Finance Limited	-	0.01	0.00
	Larsen & Toubro Limited			0.01
2	Accounts receivable			
	Larsen & Toubro Limited	0.22	0.10	
	L&T Finance Limited	0.01	0.03	
	L&T Infrastructure Finance Company Limited	-	0.01	
	L & T Housing Finance Limited	-	0.02	
3	Rent deposit receivable from			
	L&T Financial Consultants Limited	3.75	3.24	3.00
	L&T Finance Limited	0.22	0.22	0.22
4	Brand license fees payable			
	Larsen & Toubro Limited	0.91	0.26	
5	Prepaid expenses			
	L&T Financial Consultants Limited	0.02	0.31	0.55

* Transactions shown above are excluding GST, service tax, VAT if any.

** Managerial Remuneration excludes provision for gratuity, pension and compensated absences, since it is provided on actuarial basis for the company as a whole.

41 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

- Investment in Mutual Fund carried at FVPL.
- Fair value of Expenses Equity stock option plan
- Remeasurement of deposits
- Reversal of lease equalisation reserve

Notes forming part of Financial Statements - March 31, 2019

Explanation of Transition To Ind AS

The transition as at April 1, 2017 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Reconciliations between Previous GAAP and Ind AS

(i) Reconciliation of other equity between previous GAAP and Ind AS:

₹ in crores			
Particulars	Notes	As at March 31, 2018	As at April 1, 2017
Other equity (reserves and surplus) as per previous GAAP		481.94	464.64
Adjustments			
ESOP Intrinsic to Fair Value	b	(13.07)	(7.17)
Fair value gains on investments in mutual funds	a	5.80	3.31
Remeasurement of Deposits		0.03	0.02
Lease Equalisation Reversal		0.80	0.83
Equity under Ind AS		475.50	461.63

(ii) Net income reconciliations

Particulars	Notes	Year ended March 31, 2018
Net profit after tax as per previous GAAP		17.30
Adjustments:		
ESOP - Intrinsic to Fair value	b	(5.90)
Fair value loss on investments in mutual funds	a	2.49
Remeasurement of deposits		0.01
Lease equalisation reversal		(0.03)
OCI Adjustments		1.14
Net income under Ind AS		15.01

Notes to reconciliations between Previous GAAP and Ind AS

(a) Change in fair valuation of investments in mutual funds:

Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.

(b) Change in fair valuation of expenses equity stock options plan:

Under previous GAAP, Equity stock options plan - expenses were measured at intrinsic value whereas under IND AS, Equity stock options plan expenses were values at fair value.

(c) Other comprehensive income adjustment:

Under previous GAAP, there was no other comprehensive income whereas under IND AS, Remeasurement comprising actuarial gains and losses and return on plan assets excluding interest on net defined assets and liabilities is recognised under other comprehensive income.

Notes forming part of Financial Statements - March 31, 2019

42 Disclosure pursuant to Ind AS 115 "Revenue from contracts with customers"

₹ in crores

1 Disaggregation of revenue for the year ended March 31, 2019 - Following table covers the revenue segregation in to Operating segments and Geographical areas

Particulars	Revenue from contracts with customers	Total as per P&L for the year ended March 31, 2019
Segment	Domestic	Total
Management Fee Income	618.59	618.59
Total	618.59	618.59
Revenue Recognised based on performance obligations satisfied over a period of time	-	-
Revenue Recognised based on performance obligations satisfied at a point in time	618.59	618.59

Disaggregation of revenue for the year ended March 31, 2018 - Following table covers the revenue segregation in to Operating segments and Geographical areas

Particulars	Revenue from contracts with customers	Total as per P&L for the year ended March 31, 2018
Segment	Domestic	Total
Management Fee Income	615.51	615.51
Total	615.51	615.51
Revenue Recognised based on performance obligations satisfied over a period of time	-	-
Revenue Recognised based on performance obligations satisfied at a point in time	615.51	615.51

2 Reconciliation of contracted price with revenue during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2019
Revenue recognised in statement of profit & loss	618.59	615.51
Contracted prices	618.59	615.51

3 Movement of trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Opening Balance	35.73	16.67
Revenue recognised during the year	618.59	615.51
Invoices raised during the year for point in time sale	618.59	615.51
Amount recovered	640.55	596.45
Closing Balance	13.77	35.73

4 The Company has not recognised any assets as on March 31, 2018 and March 31, 2019 from the costs to obtain or fulfil a contract with a customer.

43 Note on NCLT Petition

The Company had filed NCLT petition for setting off the accumulated losses amounting to ₹ 428.78 Crores as

Notes forming part of Financial Statements - March 31, 2019

at March 31, 2018 against the amount lying in its securities premium account of ₹ 658.89 Crores. The NCLT application was filed on August 22, 2018 and order was received on February 5, 2019. Based on the NCLT order, the accumulated losses of ₹ 428.78 Crores were adjusted with securities premium.

- 44** The Company did not have any pending litigations as on March 31, 2019.
- 45** The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.
- 46** There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
- 47** Previous year figures have been reclassified to conform 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

Place : Vadodara

Date : April 28, 2019

**For and on behalf of the Board of Directors of
L&T Investment Management Limited**

R. Shankar Raman

Director

(DIN - 00019798)

Kailash Kulkarni

Chief Executive Officer

Place : Mumbai

Date : April 28, 2019

Dinanath Dubhashi

Director

(DIN - 03545900)

Sandeep Agrawal

Head - Accounts