

ANNUAL REPORT 2020-21

L&T INVESTMENT MANAGEMENT LIMITED

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Twenty Fifth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2021.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for FY 2020-21 as compared to the previous FY 2019-20 is given below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	(₹ in Crore)
Gross Income	347.88	381.76	
Less: Gross Expenses	162.65	181.70	
Profit before Tax	185.23	200.06	
Tax Expenses	23.21	-	
Profit after Tax	162.02	200.06	
Other comprehensive income	1.60	(1.07)	
Total comprehensive income	163.62	198.99	
Profit b/f from previous year	95.43	45.29	
Opening impact of IND AS 116	-	(0.10)	
Securities premium write off	-	-	
Dividend payable	(97.96)	(123.39)	
Dividend distributable tax payable	-	(25.36)	
Surplus in other equity (excluding securities premium)	161.09	95.43	
Amount proposed to be carried to reserves	-	-	

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Performance of business

FY 2020-21 has been a moderate year for industry due to significant outflows in the equity segment on account of higher valuations and higher inflows in

the debt segment and ETF/ Index funds coupled with stringent SEBI regulations. Despite challenges caused by pandemic, industry has crossed ₹ 30 Lakh Crore mark, ending the year at assets under management of ₹ 31.43 Lakh Crore.

Assets under Management ("AUM") of L&T Mutual Fund ("the Fund") for the year ended March 31, 2021 stood at ₹ 72,873.58 Crore as compared to ₹ 54,936.63 Crore for the year ended March 31, 2020, a growth of 32.7%. Average Asset under Management ("AAUM") of the Fund for the year ended March 31, 2021 stood at ₹ 72,727.95 Crore as compared to ₹ 71,056 Crore for the year ended March 31, 2020, a growth of 2.4%.

Our assets in fixed income have grown from ₹ 26,926.63 Crore in March 2020 to ₹ 32,499.23 Crore in March 2021, a gain of around 21%. Similarly, our equity business has grown from ₹ 28,010.00 Crore in March 2020 to ₹ 40,374.35 Crore in March 2021, a gain of around 44%.

Your Company reported a business profit of ₹ 211 Crore during FY 2020-21 before amortization of intangible assets and taxes in comparison to FY 2019-20 wherein the reported profit was ₹ 248.10 Crore.

Financial performance of the Company

The gross income of the Company (in the form of management fees) for FY 2020-21 was ₹ 311.29 Crore as against ₹ 353.20 Crore for previous FY registering a decrease of 12%.

The net worth of the Company has increased from ₹ 577.35 Crore as at March 31, 2020 to ₹ 643.01 Crore as at March 31, 2021 mainly on account of profit from current FY.

The profit from continuing operations including extraordinary and exceptional items was ₹ 162.02 Crore for FY 2020-21 as against profit of ₹ 200.06 Crore for previous FY. The decrease in profit is mainly attributable to decrease in AAUM of the Fund and consequent reduction in the management fees.

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

During the year under review, the Company had declared an interim dividend @ ₹ 3.89 per equity share on 25,18,24,329 equity shares, aggregating to a total of ₹ 97.96 Crore.

No final dividend has been recommended for the year ended March 31, 2021, as it is considered 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, 2021, the authorized share capital of the Company was ₹ 14,54,25,79,200 (Rupees One Thousand Four Hundred Fifty Four Crore Twenty Five Lakh Seventy Nine Thousand and Two Hundred Only), divided into 55,12,57,920 equity shares of ₹ 10 each, 33,00,000 compulsory convertible preference shares of ₹ 100 each, 2,20,00,000 redeemable non-convertible preference shares of ₹ 100 each and 65,00,00,000 preference shares of ₹ 10 each.

As on March 31, 2021, the paid-up capital of the Company was ₹ 251,82,43,290 (Rupees Two Hundred Fifty One Crore Eighty Two Lakh Forty Three Thousand and Two Hundred and Ninety Only), divided into 25,18,24,329 equity shares of ₹ 10 each.

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 Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("SEBI MF Regulations").

As on March 31, 2021, the Board comprises the following Directors:

Name of 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, Ms. Anisha Motwani, Director of the Company will retire by rotation at the ensuing AGM and being eligible, has offered herself for re-appointment.

KEY MANAGERIAL PERSONNEL ("KMPs")

During the year under review, Mr. Sandeep Agarwal resigned as Head-Accounts (discharging functions of the Chief Financial Officer) and Mr. Manish Jethwa was appointed as Head-Accounts (discharging functions of the Chief Financial Officer) with effect from July 16, 2020.

As on March 31, 2021, the Company has the following KMPs:

- Mr. Kailash Kulkarni - Chief Executive Officer
- Mr. Manish Jethwa - Head-Accounts (discharging functions of Chief Financial Officer)
- Ms. Krishi Jain - Company Secretary

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 Committee 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, if any and individual Directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, if any, 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 Committee 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

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.

Accordingly, M/s. Sharp & Tannan will be completing its first term of five years and thus cease to be the Statutory Auditors of the Company from the conclusion of the forthcoming AGM.

In light of the cessation, the Board of Directors of the Company at its meeting held on April 27, 2021 and pursuant to the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications) has approved the appointment of M/s. B. K. Khare & Co. ("B. K. Khare"), Chartered Accountants (ICAI Registration No. 105102W) as the Statutory Auditors of the Company in place of the existing Statutory Auditors of the Company, i.e., M/s. Sharp & Tannan, for a term of five consecutive years i.e., from the conclusion of the Twenty Fifth AGM till the conclusion of the Thirtieth AGM, subject to approval of Members.

The appointment of B. K. Khare will be put forth before the Members at the ensuing AGM for their approval.

B. K. Khare have confirmed that their appointment, if made, will comply with the eligibility criteria in terms of the provisions of Section 141(3) of the Act. Further, B. K. Khare has confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India ("ICAI") and hold valid certificate issued by the Peer Review Board of ICAI.

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 (Membership No.: F7301; Certificate of Practice No.: 7991) to undertake the Secretarial Audit of the Company for FY 2020-21.

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

There is no adverse remark, qualification, 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 AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: ₹ 0.34 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, 2021 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. Testing of such systems forms a part of review by the Internal Audit ("IA") function. The scope and authority of the IA function is defined in the IA Charter.

The IA function of L&T Financial Services ("LTFS") monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. Based on the report of the IA 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 of the Company from time to time.

BOARD MEETINGS

The Agenda for the Meetings was circulated to the Directors well in advance. Further, the Minutes of the Meetings of the Board of Directors were also circulated amongst the Members of the Board for their perusal

within the prescribed timelines.

During the year under review, 4 (four) meetings of the Board of Directors were held on May 13, 2020, July 16, 2020, October 21, 2020 and January 14, 2021.

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

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held during the year	No. of Board Meetings attended
Mr. Dinanath Dubhashi	03545900	NED	4	4
Mr. R. Shankar Raman	00019798	NED	4	4
Mr. M. V. Nair	02284165	ID	4	4
Ms. Anisha Motwani	06943493	ID	4	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.ltfs.com/csr.html>.

The Policy of the Company is a clear alignment with the United Nations' global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG 1), 'Gender equality' (SDG 5), 'Sustainable cities and Communities' (SDG 11), 'Climate Action' (SDG 13) and 'Partnership for the Goals' (SDG 17). The inclusion of all stakeholders based on a priority matrix is clearly articulated in the Policy and all the programmes are passed through this matrix before being implemented on the ground for creating maximum stakeholder value. Our key initiatives are woven around sustainable livelihoods of rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and other programmes.

During the year under review, the Policy has been updated to include amendments as stated below:

- Revision in thrust areas based on the strategy of the Company
- Changes as a result of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021

An annual report on activities as required under the act has been appended as **Annexure C** to this Report.

Composition:

The CSR Committee as on March 31, 2021 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 October 21, 2020. The details of attendance of Members at the meeting are as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Mr. M. V Nair	1	1
Mr. Mr. R. Shankar Raman	1	1
Mr. Dinanath Dubhashi	1	1

VIGIL MECHANISM FRAMEWORK

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 has been framed, 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 Head- Internal Auditor of LTFS 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 investigated through appropriate delegation. After investigation, the complaint with investigation report is forwarded to the Board/Audit committee/Managing Director/Whole-time Director/

Whistle Blower Investigation Committee as the case may be. At the Board meeting, a brief update is presented to the members for their review. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

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

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 2020-21 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 workplace. Further, the Company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where employees can register their complaints against sexual harassment. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

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

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT

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 27, 2021

ANNUAL REPORT 2020-21 - ANNEXURE A TO BOARD'S REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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 our 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, 2021** 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, 2021**, 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 and as amended from time to time**:
 - 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;
 - 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;
 - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

- 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;
 - i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
 - k) The Securities and Exchange Board of India (Depositories and Participants) Regulation, 2018;
- (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, 2020 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 and there are no changes took place in the composition of the Board of Directors during the period under review;
- (b) 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;
- (c) 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 no specific events /actions have taken place that have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards.

ALWYN JAY & Co.
Company Secretaries
[Vijay Sonone FCS.7301]
(Partner)
[Certificate of Practice No.7991]
[UDIN : F007301C000137409]

Place: Mumbai

Date: April 20, 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure 'A'

To,

The Members

L&T Investment Management Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **L&T Investment Management Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

ALWYN JAY & Co.
Company Secretaries
[Vijay Sonone FCS.7301]
(Partner)

[Certificate of Practice No.7991]

[UDIN : F007301C000137409]

Place: Mumbai

Date: April 20, 2021

ANNUAL REPORT 2020-21 - ANNEXURE C TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR") Activities

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

As required under Section 135(4) of the Companies Act, 2013 ("the Act") and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1. Brief outline on CSR Policy of the Company:

CSR Vision

We aspire for an inclusive social transformation of the rural communities and we serve by nurturing and creating opportunities for sustainable livelihoods for them.

CSR Mission:

To reach marginalized farmers and women micro entrepreneurs in the rural communities that we serve and work towards rejuvenating their ecosystems thereby creating sustainable livelihoods and enabling financial inclusion.

Commitment:

Creating value for rural indigent communities which desire a secure future. We align our social responsibility theme and commitment with the United Nation's global development agenda of Sustainable Development Goals (SDG) particularly 'No Poverty' (SDG -1), 'Gender equality' (SDG -5), 'Sustainable Cities and Communities' (SDG 11) 'Climate Action' (SDG 13) and 'Partnership for the goals' (SDG 17).

Our key initiatives are woven around sustainable livelihoods of rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and other programmes.

We implement the CSR programmes as a collaborative effort between various companies within L&T Financial Services ("LTFS"). Company undertakes the CSR activities through partnership with organizations registered under public trust or a society, Section 12A and 80G of the Income Tax Act, 1961 (43 of 1961).

CSR Approach:

Programme-based accountability approach is adopted to emphasize the long-term sustainability of CSR programmes. For each programme, we conduct baseline and end line assessments with clearly defined measurable results for presentation to the CSR Committee and Board of Directors. We conduct and share the impact assessment reports and investigations at the CSR section of the website of the Company at <https://www.ltfs.com/csr.html>.

Monitoring & Evaluation:

The CSR Committee formulates and recommends annual action plan to the Board consisting the list of CSR programmes, implementation methods, fund disbursement plan, monitoring and evaluation plan, and strategy study/research undertaken in line with the greater CSR vision of the Company. The Board verifies that CSR funds have been utilised for the earmarked programmes and monitors implementation as per the action plan.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. M. V. Nair	Non-Executive Director and Chairperson of the Committee	1	1
2	Mr. R. Shankar Raman	Non-Executive Director	1	1
3	Mr. Dinanath Dubhashi	Non-Executive Director	1	1

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR programmes approved by the Board are disclosed on the website of the Company.

The composition of CSR committee, CSR Policy and CSR programmes approved by the Board can be accessed on the website of the Company at <https://www.ltfs.com/csr.html>.

4. Provide the details of impact assessment of CSR programmes carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial year	Amount available for set-off from preceding financial years (₹ in Crore)	Amount required to be set- off for the financial year, if any (₹ in Crore)
1	2020-21	Nil	Nil

6. Average net profit of the Company as per Section 135(5) of the Act- ₹ 101.92 Crore.

7. (a) Two percent of average net profit of the Company as per Section 135(5) of the Act- ₹ 2.04 Crore.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil

(c) Amount required to be set off for the financial year, if any - Nil

(d) Total CSR obligation for the financial year (7a+7b- 7c) - ₹ 2.04 Crore.

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the financial year (₹ in Crore)	Amount Unspent (₹ in Crore)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second provision to section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
2.04	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing programmes** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)		(11)				
				Local area (Yes / No)	Location of the programme					Mode of implementation - Direct (Yes/No)	Mode of Implementation - through implementing agency					
											Name	CSR				
1	Digital Sakhi – West Bengal - Interventions of digital financial literacy & entrepreneurship development by 450 Digital Sakhis and inclusion of 1,000 women (micro-entrepreneurs) in digital payments space	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural development programme	No	West Bengal	East Medinipur	3 to 4 years	10.17	1.62	Nil	No	Sabuj Sangha	CSR00000299				
TOTAL							10.17	1.62								

Note: The CSR programmes are implemented as a collaborative effort between various companies within LTFS and the amount allocated for the programme disclosed herein is the amount pertaining to all companies within LTFS.

(c) Details of CSR amount spent against **other than ongoing programmes** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)				
				Local area (Yes/ No)	Location of the programme			Mode of implementation on - Direct (Yes/No)	Mode of implementation – through implementing agency.			
									Name	CSR registration number		
1	Disaster Management	(xii) disaster management, including relief, rehabilitation and reconstruction activities	No	Assam, Bihar, Tamil Nadu , West Bengal	Multiple - across states	0.30	No	Habitat for humanity	CSR00000402			
2	Disaster Relief (Covid-19 relief efforts (distribution of N95 masks, PPE kits for health/ frontline workers; provision of hospital equipment (ventilators, dialysis machines etc.) and Covid testing facility)	(i) promoting health care including preventive health care and sanitation (xii) disaster management, including relief, rehabilitation	Bihar,	Maharashtra, Tamil Nadu, Gujarat, Telangana, Uttarakhand, Andhra Pradesh, West Bengal, Uttar Pradesh, Uttarakhand, Bihar, Madhya Pradesh, Assam	Multiple - across states	0.12	Yes	-	-			
	TOTAL					0.42						

- (d) Amount spent in administrative overheads – Nil
 (e) Amount spent on impact assessment, if applicable - Nil
 (f) Total amount spent for the financial year (8b+8c+8d+8e) – ₹ 2.04 Crore
 (g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the Company as per Section 135(5) of the Act	2.04
(ii)	Total amount spent for the financial year	2.04
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding financial year	Amount transferred to unspent CSR account under section 135 (6) (₹ in Crore)	Amount spent in the reporting financial year (₹ in Crore)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in Crore)
				Name of the fund	Amount (₹ in Crore)	Date of transfer	
1	FY2017-18	Nil	Nil	Nil	Nil	Nil	Nil
2	FY2018-19	Nil	Nil	Nil	Nil	Nil	Nil
3	FY2019-20	Nil	Nil	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent in the financial year for **ongoing programmes** of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Programme ID	Name of the programme	Financial year in which the programme was commenced	Programme duration	Total amount allocated for the programme (₹ in Crore)	Amount spent on the programme in the reporting financial year (₹ in Crore)	Cumulative amount spent at the end of reporting financial year (₹ in Crore)	Status of the programme - Completed
1	Digital Sakhi West Bengal	Digital Sakhi – West Bengal Interventions of digital financial literacy entrepreneurship development by 450 Digital Sakhis and inclusion of 1,000 women (micro-entrepreneurs) in digital payments space	FY 2019-20	3 to 4 years	10.17	1.62	3.64	On-going
	Total				10.17	1.62	3.64	

Note: The CSR programmes are implemented as a collaborative effort between various companies within LTFS and the amount allocated for the programme disclosed herein is the amount pertaining to all companies within LTFS.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

Programme ID	(a) Date of creation or acquisition of the capital asset(s)	(b) Amount of CSR spent for creation or acquisition of capital asset (₹ in Crore)	(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
Nil	Nil	Nil	Nil	Nil

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5) of the Act– Not Applicable

M. V. Nair
Chairperson
CSR Committee
DIN: 02284165

Dinanath Dubhashi
Director
DIN: 03545900

Place: Mumbai
Date: April 27, 2021

**INDEPENDENT AUDITOR'S REPORT**

To the Members of L&T Investment Management Limited

Report on the audit of the financial statements**Opinion**

We have audited the financial statements of L&T Investment Management Limited ('the Company'), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), statement of cash flows and statement of changes in equity 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 financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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 2021, 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 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 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 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 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, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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 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.

Ravindra Annexe, 194, Churchgate Reclamation, Dinshaw Vachha Road, Mumbai - 400 020, India.
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Shreedhar T. Kunte Ramnath D. Kare Edwin P. Augustine Raghunath P. Acharya
Firdosh D. Buchia Tirtharaj A. Khot Pavan K. Aggarwal

Also at Pune. Associate Offices : New Delhi, Chennai, Bangalore, Baroda, Goa & Ahmedabad

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164 (2) of the Act;

SHARP & TANNAN

- (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 Company has not paid any remuneration to its directors during the year; 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 has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 46 to the financial statements;
 - ii The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – refer note 47 to the 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 48 to the financial statements.

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

Firdosh D. Buchia
Partner
Membership no. 38332
UDIN: 21038332AAAALL2284

Mumbai, 27 April 2021

SHARP & TANNAN

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, certain 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) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.
- (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, there are no investments made, securities provided and guarantees given in respect of which provisions of sections 185 and 186 of the Act are applicable. The Company has complied with the provisions of section 186 of the Act in respect of grant of loans, 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, 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 duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

SHARP & TANNAN

(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, goods and service 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 2021 are as under:

(Rs. In Crores)

Name of the statute	Nature of the disputed dues	Amount *	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

* 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 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, no managerial remuneration has been paid or provided during the year.
- (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 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.

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- (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. 38332
UDIN: 21038332AAAALL2284

Mumbai, 27 April 2021

SHARP & TANNAN

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 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s responsibility for internal financial controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('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 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 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.

SHARP & TANNAN

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 2021, 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.

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

Mumbai, 27 April 2021

Firdosh D. Buchia
Partner
Membership no. 38332
UDIN: 21038332AAAALL2284

L&T Investment Management Limited

Balance Sheet as at March 31, 2021

₹ in crore

Particulars		Notes	As at March 31, 2021	As at March 31, 2020
ASSETS				
1 Financial assets				
(a) Cash and cash equivalents	2		1.33	0.84
(b) Receivables	3			
(i) Trade receivables			16.83	12.48
(c) Investments	4		555.38	90.13
(d) Loans	5		-	302.92
(e) Other financial assets	6		9.51	5.93
2 Non-financial assets				
(a) Current tax assets (Net)	7		42.24	76.88
(b) Property, plant and equipment	8		0.66	0.60
(c) Intangible assets under development	9		-	0.04
(d) Other Intangible assets	8		82.10	129.46
(e) Right to use an asset	10		1.58	2.55
(f) Other non-financial assets	11		1.20	1.80
Total assets			710.83	623.63
LIABILITIES AND EQUITY				
1 Financial liabilities				
(a) Payables	12			
(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			1.44	1.11
(b) Lease liability	13		1.75	2.82
(c) Other financial liabilities	14		37.63	33.02
2 Non-financial liabilities				
(a) Provisions	15		4.89	5.80
(b) Other non-financial liabilities	16		12.78	3.53
(c) Deferred tax liabilities	17		9.33	-
3 Equity				
(a) Equity share capital	18		251.82	251.82
(b) Other equity	19		391.19	325.53
Total liabilities and equity			710.83	623.63
Significant accounting policies	1			
See accompanying notes forming part of the financial statements	30-49			

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

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

Firdosh D. Buchia
Partner
Membership no. 38332

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Manish Jethwa
Head - Accounts (CFO)

Krishi Jain
Company Secretary

Place : Mumbai
Date : April 27, 2021

Place : Mumbai
Date : April 27, 2021

L&T Investment Management Limited

Statement of Profit and Loss for the year ended March 31, 2021

₹ in crore

	Particulars	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I	Revenue from operations			
(i)	Interest income	20	13.19	14.40
(ii)	Fees and commission Income	21	311.29	353.20
(iii)	Net gain on fair value changes	22	19.51	13.68
I	Total Revenue from operations		343.99	381.28
II	Other income	23	3.89	0.48
III	Total income (I + II)		347.88	381.76
	Expenses			
(i)	Finance costs	24	0.49	0.58
(ii)	Fees and commission expense	25	(1.35)	17.56
(iii)	Employee benefits expenses	26	60.83	61.45
(iv)	Depreciation, amortization and impairment	27	50.06	50.27
(v)	Other expenses	28	52.62	51.84
IV	Total expenses		162.65	181.70
V	Profit before tax (III-IV)		185.23	200.06
VI	Tax expense	29		
	Current tax		13.88	-
	Deferred tax		9.33	-
	Total tax expense (VI)		23.21	-
VII	Profit after tax (V-VI)		162.02	200.06
VIII	Other comprehensive income			
(i)	Items that will not be reclassified to profit or loss			
	(a) Remeasurement of defined benefit plans		1.60	(1.07)
	Total other comprehensive Income (VIII)		1.60	(1.07)
IX	Total comprehensive income for the year (VII+VIII)		163.62	198.99
X	Earnings per equity share : Basic and Diluted (Rs.) (Face value of Rs. 10 per share)	39	6.43	7.94
	Significant Accounting Policies See accompanying notes forming part of the financial statements	1 30-49		

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

by the hand of

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

Firdosh D. Buchia

Partner

Membership no. 38332

R. Shankar Raman

Director

DIN - 00019798

Dinanath Dubhashi

Director

DIN - 03545900

Kailash Kulkarni

Chief Executive Officer

Manish Jethwa

Head - Accounts (CFO)

Place : Mumbai

Date : April 27, 2021

Krishi Jain

Company Secretary

Place : Mumbai

Date : April 27, 2021

L&T Investment Management Limited

Statement of change in Equity for the year ended March 31, 2021

a. Equity share capital

Particulars	₹ in crore	
Number of Shares	Equity share capital	
Paid up Capital at April 1, 2019	25,18,24,329	251.82
Changes in equity share capital during the year	-	-
Balance at March 31, 2020	25,18,24,329	251.82
Paid up Capital at April 1, 2020	25,18,24,329	251.82
Changes in equity share capital during the year	-	-
Balance at March 31, 2021	25,18,24,329	251.82

b. Other equity

Particulars	₹ in crore			Total
	Securities premium	Retained earnings	Other comprehensive income	
Balance at April 1, 2019	230.11	47.02	(1.73)	275.40
Profit for the year	-	200.06	-	200.06
Opening impact of Ind AS 116	-	(0.10)	-	(0.10)
Interim dividend paid	-	(123.39)	-	(123.39)
Additional tax on dividend paid	-	(25.36)	-	(25.36)
Other comprehensive income for the year	-	-	(1.07)	(1.07)
Total comprehensive income for the year	-	51.20	(1.07)	50.13
Balance at March 31, 2020	230.11	98.22	(2.80)	325.53
Balance at April 1, 2020	230.11	98.22	(2.80)	325.53
Profit for the year	-	162.02	-	162.02
Dividend Paid	-	(97.96)	-	(97.96)
Other comprehensive income for the year	-	-	1.60	1.60
Total comprehensive income for the year	-	64.06	1.60	65.66
Balance at March 31, 2021	230.11	162.28	(1.20)	391.19

As per our report attached

For SHARP AND TANNAN

Chartered Accountants

Firm's registration no. 109982W

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For and on behalf of the Board of Directors of
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Head - Accounts (CFO)

Krishi Jain
Company Secretary

Place : Mumbai

Date : April 27, 2021

Place : Mumbai

Date : April 27, 2021

L&T Investment Management Limited
Statement of cash flows for the year ended March 31, 2021

₹ in crore

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities		
Profit before tax	185.23	200.06
Adjustments for:		
Interest on income tax	(3.72)	(0.46)
Depreciation and amortisation expense	50.06	50.27
Net gain on fair value changes	(19.51)	(13.68)
Interest expense on leases	0.15	0.24
Profit on derecognised of lease	(0.17)	-
Loss on sale of assets	-	0.01
Interest income	(13.19)	(14.40)
Provision for leave encashment and gratuity	0.48	1.51
Operating profit before working capital changes	199.33	223.55
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets-		
Financial assets	(3.51)	(0.46)
Non financial assets	0.60	75.14
Trade receivables	(4.35)	1.29
Adjustments for increase / (decrease) in operating liabilities-		
Trade payable	0.33	(3.87)
Financial liabilities	4.61	3.45
Leave encashment and gratuity Paid	0.23	(3.08)
Non financial liabilities	9.25	2.63
Cash generated from operations	206.49	298.65
Net income tax refund / (paid)	24.48	(24.67)
Net cash from operating activities (A)	230.97	273.98
B. Cash flow from investing activities		
Purchases of fixed assets	(2.22)	(0.52)
Proceeds from sale of fixed assets	-	0.19
Inter-corporate deposits given	(643.46)	(2,329.13)
Inter-corporate deposits received back	946.26	2,026.33
Purchase of investment	(445.74)	-
Proceeds from sale of investment	-	201.35
Interest received	13.31	14.28
Net cash used in investing activities (B)	(131.85)	(87.50)
C. Cash flow from financing activities		
Principal portion of lease liability	(0.52)	(0.70)
Additional tax paid on interim dividend paid	-	(36.43)
Interim dividend paid	(97.96)	(148.76)
Interest portion of lease liability	(0.15)	(0.24)
Net cash used in financing activities (C)	(98.63)	(186.13)

L&T Investment Management Limited
Statement of cash flows for the year ended March 31, 2021

Particulars	For the year ended March 31, 2020	₹ in crore For the year ended March 31, 2020
Net increase in cash and cash equivalents (A+B+C)	0.49	0.35
Opening cash and cash equivalent for the year	0.84	0.49
Closing cash and cash equivalent for the year	1.33	0.84

Notes:

1. 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.
 2. Cash and cash equivalents represent cash and bank balances.
 3. 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

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

Firdosh D. Buchia
 Partner
 Membership no. 38332

R. Shankar Raman
 Director
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 Director
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Kailash Kulkarni
 Chief Executive Officer

Manish Jethwa
 Head - Accounts (CFO)

Krishi Jain
 Company Secretary

Place : Mumbai
 Date : April 27, 2021

Place : Mumbai
 Date : April 27, 2021

L&T Investment Management Limited

Notes forming part of financial statements

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 March 31, 2021 is L&T Finance Holdings Limited.

Note 1: Summary of significant accounting policies

a) Statement of compliance:

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time.

The financial statements were approved for issue by the Company's Board of Directors on April 27, 2021.

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:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date.
- (ii) 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
- (iii) 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 Division III to the Schedule III to the Companies Act, 2013 ("the Act") for Non-Banking Finance Companies (NBFC). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees in Crore rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places."

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.

(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.

L&T Investment Management Limited

Notes forming part of financial statements

(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) **Net gain/loss on sale of investments or fair value change:**

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 First in First out basis. Any differences between the fair values of the financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss in the statement of profit and loss.

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) **Property, plant and equipment (PPE):**

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013, except

- (a) Fixed assets costing less than INR 5,000 are fully depreciated in the year of purchase and
- (b) A lower useful life of 4 years has been considered for Vehicles after taking into account the nature of the asset, the estimated usage of the asset, past history of replacement, etc., or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined.

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis. Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. Assets held under finance leases are depreciated over the shorter of lease term and their useful life on the same basis as owned assets. However, when there is no reasonable certainty that the Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Company for similar assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is recognised in profit or loss.

h) **Intangible assets:**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Direct expenses and administrative

L&T Investment Management Limited

Notes forming part of financial statements

and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

These generally comprise costs incurred to acquire computer software licenses, implementing the software for internal use (including software coding, installation, testing and certain data conversion), the asset management rights ("AMR") acquired and goodwill on amalgamation. Software licenses are being amortised over their useful lives which is estimated at 3 years. The AMR and goodwill on amalgamation are being amortised on a straight-line basis over a period of 10 years and 5 years respectively. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

i) Impairment of tangible and intangible assets other than goodwill:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, investment property and intangible assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (the smallest identifiable Company of assets that generates independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. For this purpose, the impairment loss recognised in respect of a cash generating unit is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to reduce the carrying amount of the other assets of the cash generating unit on a pro-rata basis.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit), except for allocated goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss."

j) Employee benefits:

(i) Short term employee benefits:

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:

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.

L&T Investment Management Limited

Notes forming part of financial statements

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 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) Share based payment arrangements:

The holding company (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.

k) Ind AS 116 - Leases:

The Company as a lessee, recognises the right-of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying

L&T Investment Management Limited

Notes forming part of financial statements

amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of-use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation /impairment losses. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term or useful life of the underlying asset whichever is lower. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

1. Low value leases; and
2. Leases which are short-term.

The Company as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Company recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

I) 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

L&T Investment Management Limited

Notes forming part of financial statements

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.

m) Scheme expenses and commission:

Certain scheme related expenses and commission paid to distributors were being borne by the Company till October 22, 2018. These expenses have been charged in accordance with applicable circulars and guidelines issued by SEBI and Association of Mutual Funds in India (AMFI) and have been presented under the respective expense heads in the Statement of Profit and Loss.

Any brokerage or commission paid by the Company in line with the applicable regulations is being amortised over the contractual period.

Pursuant to circulars issued by SEBI in this regard, with effect from October 22, 2018, all of these expenses, subject to certain minor exceptions, are being borne by the respective schemes.

n) 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 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 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.

o) Provisions, contingent liabilities and 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

L&T Investment Management Limited

Notes forming part of financial statements

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. "

p) Earning per shares:

The Company presents basic and diluted earnings 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.

q) Cash and cash equivalents:

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

r) 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."

s) 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."

L&T Investment Management Limited

Notes forming part of financial statements

t) Dividend on equity shares:

The Company recognises a liability to make cash distributions to equity shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognised directly in other equity.

u) Foreign currency transactions

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

v) 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 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.

L&T Investment Management Limited

Notes forming part of financial statements

Note 2 : Cash and cash equivalents

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Balances with banks	1.33	0.84
Total	1.33	0.84

Note 3 : Receivables

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Receivables considered good - unsecured	16.83	12.48
Total	16.83	12.48

L&T Investment Management Limited

Notes forming part of financial statements

Note 4 : Investments

₹ in crore

Particulars	Face Value	As at March 31, 2021		As at March 31, 2020	
		Quantity	Net carrying value	Quantity	Net carrying value
Current investment					
L&T Liquid Fund DP - G	1000	4,76,786	134.40	-	-
L&T Money Market Fund DP – G	10	2,07,36,473	44.50	-	-
L&T Banking and PSU Debt Fund DP – G	10	-	-	3,83,90,980	71.28
L&T Overnight Fund DP - G	1000	11,584	1.86	-	-
ABSL Liquid Fund - Growth - Direct	100	91,04,114	301.83	-	-
SBI Liquid Fund - Direct - G	100	1,47,371	47.48	-	-
			530.07		71.28
Non - current investment					
Equity - At amortised cost					
MF Utilities India Private limited	1	5,00,000	0.05	5,00,000	0.05
			0.05		0.05
Mutual Fund - At fair value through profit and loss					
L&T Arbitrage Opportunity Fund	10	5,00,000	0.78	5,00,000	0.75
L&T Business Cycle Fund	10	5,00,000	1.00	5,00,000	0.56
L&T Resurgent India Corporate Bond Fund	10	5,00,000	0.83	5,00,000	0.77
L&T Liquid Fund DP - G	1000	2,585	0.73	2,585	0.70
L&T Overnight fund-DP-G (Formerly known as :L&T Cash Fund Direct Plan - Growth)	1000	4,375	0.70	4,375	0.68
L&T Equity Fund - DP - G	10	79,561	0.84	79,561	0.50
L&T Balanced Advantage fund-DP-G (Formerly known as : L&T Dynamic Equity Fund - DP - G)	10	2,35,213	0.74	2,35,213	0.57
L&T India Large Cap Fund - DP - G	10	2,43,072	0.89	2,43,072	0.54
L&T Hybrid Equity Fund - DP - G (Formerly known as :L&T India Prudence Fund - DP - G)	10	2,55,493	0.89	2,55,493	0.59
L&T Large and Midcap Fund - DP - G (Formerly known as :L&T India Special Situations Fund - DP - G)	10	1,40,359	0.86	3,65,789	0.53
L&T India Value Fund - DP - G	10	3,83,794	1.88	3,83,794	1.01
L&T Infrastructure Fund - DP - G	10	6,94,601	1.36	6,94,601	0.77
L&T Midcap Fund - DP - G	10	58,207	1.10	58,207	0.61
L&T Tax Advantage Fund - DP - G	10	1,32,721	0.94	1,32,721	0.54
L&T Flexi Bond Fund - DP - G	10	3,31,794	0.81	3,31,794	0.77
L&T Money market Fund - Direct Plan - Growth (Formerly known as:L&T Floating Rate Fund - Growth - Direct Plan)	10	3,65,789	0.78	3,65,789	0.75
L&T Gilt Fund - DP - G	10	1,42,010	0.83	1,42,010	0.77
L&T Credit Risk Fund - DP - G (Formerly known as:L&T Income Opportunities Fund - DP - G)	10	3,17,088	0.74	3,17,088	0.71
L&T Banking and PSU Debt Fund - DP - G	10	3,44,758	0.69	3,44,758	0.64
L&T Equity Savings Fund - DP - G	10	2,76,932	0.61	2,76,932	0.45
L&T Conservative Hybrid Fund - DP - G (Formerly known as : L&T Monthly Income Plan - DP - G)	10	1,78,522	0.76	1,78,522	0.66
L&T Low Duration Fund - DP - G (Formerly known as :L&T Short Term Income Fund - DP - G)	10	3,40,894	0.78	3,40,894	0.73
L&T Short Term Bond Fund - Direct Plan - Growth (Formerly known as :L&T Short Term Opportunities Fund-Growth-DirectPln)	10	3,67,947	0.80	3,67,947	0.74
L&T Triple Ace Bond Fund - DP - G	10	1,35,208	0.81	1,35,208	0.75
L&T Ultra Short Term Fund - Direct Plan - Growth	10	2,17,696	0.76	2,17,696	0.73
L&T Emerging Business Fund - DP - G	10	3,32,358	1.07	3,32,358	0.53
L&T Focused Equity Fund Dir. Growth	10	5,00,000	0.72	5,00,000	0.45
L&T Nifty50 Index Fund	10	5,00,000	0.82	5,00,000	0.50
L&T Nifty Next 50 Index Fund	10	5,00,000	0.74	5,00,000	0.50
Total			25.27		18.80
Grand Total			555.38		90.13

L&T Investment Management Limited

Notes forming part of financial statements

Note 5 : Loans

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
(A)		
At amortised cost		
Inter corporate deposit	-	302.92
Total (A)	-	302.92
(B)		
At amortised cost		
Unsecured	-	302.92
Total (B)	-	302.92
(C)		
(I) Loans in India		
At amortised cost	-	302.92
Total (I)	-	302.92
(II) Loans outside India		
At amortised cost	-	-
Total (II)	-	-
Total (C) = (I + II)	-	302.92

Note 6 : Other financial assets

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Deposit paid	2.97	4.63
Other receivables	0.84	1.30
Receivable from related parties	5.70	-
Total	9.51	5.93

Note 7 : Current tax assets (net)

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Advance tax and TDS (net of provision)	42.24	76.88
Total	42.24	76.88

L&T Investment Management Limited

Notes forming part of financial statements

Note 8 : Property, plant and equipment

Particulars	Gross Block				Depreciation				Net Block	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Leasehold improvements	0.20	-	0.02	0.18	0.13	0.01	-	0.14	0.04	0.07
Computers	0.77	0.28	0.07	0.98	0.39	0.17	0.06	0.50	0.48	0.38
Furniture and fittings	0.07	0.01	-	0.08	0.04	0.01	-	0.05	0.03	0.03
Office equipment	0.21	-	-	0.21	0.09	0.01	-	0.10	0.11	0.12
	1.25	0.29	0.09	1.45	0.65	0.20	0.06	0.79	0.66	0.60

Particulars	Gross Block				Depreciation				Net Block	
	As at April 01, 2020	Additions	Deductions	As at March 31, 2021	As at April 01, 2020	For the Year	Deductions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Specialised softwares	8.33	1.92	-	10.25	7.71	0.65	-	8.36	1.89	0.62
Asset management rights	486.55	-	-	486.55	357.71	48.63	-	406.34	80.21	128.84
	494.88	1.92	-	496.80	365.42	49.28	-	414.70	82.10	129.46

Previous year:

Particulars	Gross Block				Depreciation				Net Block	
	As at April 01, 2019	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	For the Year	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Leasehold improvements	0.20	-	-	0.20	0.08	0.05	-	0.13	0.07	0.12
Computers	0.69	0.09	0.01	0.77	0.28	0.11	-	0.39	0.38	0.41
Furniture and fittings	0.07	-	-	0.07	0.03	0.01	-	0.04	0.03	0.04
Office equipment	0.17	0.04	-	0.21	0.07	0.02	-	0.09	0.12	0.10
Vehicles	0.40	-	0.40	-	0.12	0.10	0.22	-	-	0.28
	1.53	0.13	0.41	1.25	0.58	0.29	0.22	0.65	0.60	0.95

Particulars	Gross Block				Depreciation				Net Block	
	As at April 01, 2019	Additions	Deductions	As at March 31, 2020	As at April 01, 2019	For the Year	Deductions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Specialised softwares	7.70	0.64	0.01	8.33	7.37	0.35	0.01	7.71	0.62	0.33
Asset management rights	486.55	-	-	486.55	308.95	48.76	-	357.71	128.84	177.60
	494.25	0.64	0.01	494.88	316.32	49.11	0.01	365.42	129.46	177.93

L&T Investment Management Limited

Notes forming part of financial statements

Note 9 : Intangible assets under development		₹ in crore	
Particulars		As at March 31, 2021	As at March 31, 2020
Intangible assets under development		-	0.04
Total		-	0.04

Note 10 : Right to use an asset		₹ in crore	
Particulars		As at March 31, 2021	As at March 31, 2020
Gross carrying amount			
Opening gross carrying amount		4.10	2.07
Add: additions during the year		0.95	2.02
Less : deductions during the year		1.34	-
Closing gross carrying amount		3.71	4.10
Accumulated depreciation			
Opening accumulated depreciation		1.55	0.67
Add: depreciation and impairment		0.58	0.87
Less : deductions during the year		-	-
Closing accumulated depreciation		2.13	1.55
Net carrying amount (A) - (B)		1.58	2.55

Note 11 : Other non-financials Assets		₹ in crore	
Particulars		As at March 31, 2021	As at March 31, 2020
Prepaid expenses		0.87	1.09
Advances to suppliers		0.27	0.66
Advances to employees		0.06	0.05
Total		1.20	1.80

Note 12 : Payables		₹ in crore	
Particulars		As at March 31, 2021	As at March 31, 2020
Trade payables		0.36	0.11
Due to related parties		1.08	1.00
Total		1.44	1.11

L&T Investment Management Limited

Notes forming part of financial statements

Note 13 : Lease liability

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Lease Liabilities	1.75	2.82
Total	1.75	2.82

Note 14 : Other financial liabilities

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Employee benefits payable	29.48	21.71
Unclaimed cheques	-	0.01
Provision for expenses	8.15	11.30
Total	37.63	33.02

Note 15 : Provisions

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Compensated absences	1.37	1.87
Gratuity	3.52	3.93
Total	4.89	5.80

Note 16 : Other non-financial liabilities

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Statutory liabilities	12.78	3.53
Total	12.78	3.53

Note 17 : Deferred tax liabilities

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	9.33	-
Total	9.33	-

L&T Investment Management Limited

Notes forming part of financial statements

Note 18 : Share capital

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in crore	No. of Shares	₹ in crore
Authorised				
Equity shares of ₹ 10 each with voting rights	55,12,57,920	551.26	55,12,57,920	551.26
Compulsory convertible preference shares of ₹ 100 each	33,00,000	33.00	33,00,000	33.00
Non-convertible preference shares of ₹ 100 each	2,20,00,000	220.00	2,20,00,000	220.00
Non-convertible preference shares of ₹ 10 each	65,00,00,000	650.00	65,00,00,000	650.00
	1,22,65,57,920	1,454.26	1,22,65,57,920	1,454.26
Issued:				
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	251.82
Subscribed and Paid up				
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	251.82

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in crore	No. of Shares	₹ in crore
Equity shares at the beginning of the year	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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in crore	No. of Shares	₹ in crore
Equity Shares of ₹10/- each fully paid	25,18,24,329	251.82	25,18,24,329	251.82

251,824,329 equity shares (251,824,329 as at March 31, 2020) are held by the holding company, including 7 equity shares (7 as at March 31, 2020) 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:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	₹ in crore	No. of Shares	₹ in crore
L&T Finance Holdings Limited (including its nominee)	25,18,24,329	100.00	25,18,24,329	100.00
251,824,329 equity shares (251,824,329 as at March 31, 2020) are held by the holding company, including 7 equity shares (7 as at March 31, 2020) 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 March 31, 2021.

(g) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding March 31, 2021.

(h) There are no shares bought back during 5 years immediately preceding March 31, 2021.

L&T Investment Management Limited

Notes forming part of financial statements

Note 19 : Other equity

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Securities premium	230.11	230.11
Retained earnings	162.28	98.22
Other comprehensive income	(1.20)	(2.80)
Total	391.19	325.53

Note 19.1 Retained earnings

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	98.22	47.02
Impact of account of implementation of Ind AS 116	-	(0.10)
Profit for the year	162.02	200.06
Dividend paid	(97.96)	(123.39)
Additional tax on dividend paid	-	(25.36)
Balance at end of year	162.28	98.22

Retained Earnings represent the amount of accumulated earnings of the Company.

Note 19.2 Securities premium

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	230.11	230.11
Deletion during the year	-	-
Balance at end of year	230.11	230.11

Securities premium: The amount received in excess of face value of the equity shares is recognised in securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Note 19.3 Other comprehensive income

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Balance at beginning of year	(2.80)	(1.73)
Remeasurement of defined benefit plans	1.60	(1.07)
Balance at end of year	(1.20)	(2.80)

L&T Investment Management Limited

Notes forming part of financial statements

Note 20 : Interest income

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on loans		
On financial assets measured at:		
Amortised cost	13.19	14.40
Total	13.19	14.40

Note 21 : Fees and commission income

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Management fees	311.29	353.20
Total	311.29	353.20

Note 22 : Net gain on fair value changes

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) Net gain on financial instruments at fair value through profit or loss:		
(i) On trading portfolio		
- Investments	13.05	15.57
	13.05	15.57
(ii) On non-trading portfolio		
- Investments	6.46	(1.89)
	6.46	(1.89)
Total (A) = (i + ii)	19.51	13.68
(B) Fair value changes:		
- Realised	15.93	9.98
- Unrealised	3.58	3.70
Total (B)	19.51	13.68

Note 23 : Other income

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on income tax refund	3.72	0.46
Profit on derecognised of lease	0.17	0.02
Total	3.89	0.48

L&T Investment Management Limited

Notes forming part of financial statements

Note 24 : Finance costs

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest cost - gratuity	0.23	0.14
Interest cost - leases	0.15	0.24
Interest cost - leave encashment	0.11	0.20
Total	0.49	0.58

Note 25 : Fees and commission expense

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Mutual fund scheme and distribution expenses	(1.35)	17.56
Total	(1.35)	17.56

Note 26 : Employee Benefits Expenses

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	47.61	52.54
Contribution to provident and other funds	2.45	2.80
Gratuity	0.74	0.76
Employee stock option plan	8.93	3.79
Staff welfare expenses	1.10	1.56
Total	60.83	61.45

Note 27 : Depreciation, amortization and impairment

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation	0.20	0.29
Depreciation - Right of use asset	0.58	0.87
Amortisation - Asset management rights and softwares	49.28	49.11
Total	50.06	50.27

L&T Investment Management Limited

Notes forming part of financial statements

Note 28 : Other expenses

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	8.25	10.33
Rates and taxes	0.44	0.18
Repairs and maintenance	7.38	10.88
Communication expenses	0.77	1.06
Printing and stationery	(0.23)	0.47
Advertisement and publicity	7.17	9.44
Director's fees, allowances and expenses	0.03	0.04
Auditor's remuneration		
Audit fees	0.18	0.18
Limited review fees	0.09	0.09
Certification fees	0.02	0.02
Tax audit fees	0.03	0.03
Legal and professional charges	5.53	4.38
Insurance	0.11	0.03
Electricity charges	0.02	0.09
Filing fees	0.75	1.06
Outsource service charges	3.95	6.55
Membership and subscription	0.43	2.74
Donation	-	0.14
Management fees	13.15	1.35
Loss on sale of assets	-	0.01
Travelling and conveyance	0.35	1.17
Corporate social responsibility expenses	2.04	0.53
Brand license fee	1.07	0.94
Stamping charges	0.26	-
Miscellaneous expenses	0.83	0.13
Total	52.62	51.84

Note 29: Tax expenses

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	13.88	-
Deferred tax	9.33	-
Total	23.21	-

L&T Investment Management Limited
Notes forming part of financial statements

Note 30: Fair value measurements

Financial instruments by category

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	-	0.05	-	-	0.05
- Mutual funds	555.33	-	-	90.08	-	-
Loans	-	-	-	-	-	302.92
Trade receivables	-	-	16.83	-	-	12.48
Cash and cash equivalents	-	-	1.33	-	-	0.84
Other financial assets	-	-	9.51	-	-	5.93
Total financial assets	555.33	-	27.72	90.08	-	322.22
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	-	-	1.44	-	-	1.11
Lease liability	-	-	1.75	-	-	2.82
Other Financial Liabilities	-	-	37.63	-	-	33.02
Total financial liabilities	-	-	40.82	-	-	36.95

Items of Income, expense, gains or losses

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Net gain/ (losses) on financial assets and financial liabilities						
Net gain on fair value changes	19.51	-	-	13.68	-	-
Interest income	-	-	13.19	-	-	14.40
Interest expenses	-	-	0.15	-	-	0.24

(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.

₹ in crore					
Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at March 31, 2021					
Financial assets					
<i>Financial Investments at FVTPL</i>					
Mutual funds	4	555.33	-	-	555.33
Total financial assets		555.33	-	-	555.33

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at March 31, 2021					
Financial assets					
<i>Financial Investments at FVTPL</i>					
Mutual funds	4	90.08	-	-	90.08
Total financial assets		90.08	-	-	90.08

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.

L&T Investment Management Limited

Notes forming part of financial statements

Note 31: Financial risk management

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.

Contractual maturities of financial liabilities March 31, 2021	₹ in crore	
	Less than one year As at March 31, 2021	As at March 31, 2020
Non-derivatives		
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	1.44	1.11
Lease liability	0.37	0.88
Other financial liabilities	37.63	33.02
Total non-derivative liabilities	39.44	35.01

(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.

L&T Investment Management Limited
Notes forming part of financial statements

Note 32: Capital management

The Company's objectives when managing capital are to
 a) 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
 b) Maintain an optimal capital structure to reduce the cost of capital.

Note 33: Disclosure pertaining to Corporate Social Responsibility (CSR) related activities:

Particulars	₹ in crore	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Amount required to be spent during the year :		2.04	0.53
b) Amount spent during the year (in cash) on :			
i) Construction/acquisition of any asset		-	-
ii) for the purposes other than (i) above		2.04	0.53

Note 34: Contingent liabilities and capital commitments

Particulars	₹ in crore	As at March 31, 2021	As at March 31, 2020
Contingent Liabilities:			
a) Claim against the Company not acknowledged as debt: Sales tax/ VAT / Service Tax matter in dispute*		-	0.14
Commitments (to the extent not provided for)			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for		0.92	1.71

* 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.

Note 35: 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.

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.

Note 36 : Foreign currency expenditure

Particulars	₹ in crore	For the year ended March 31, 2021	For the year ended March 31, 2020
Legal and professional charges		0.09	0.25
Advertising and publicity		-	0.04
Repairs and maintenance		0.25	1.47
Total		0.34	1.76

Note 37 : 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:

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	Remaining expenses to be recovered in future periods
(A)	(B)	(C)	(D)	(E) = (B-C)
March 31, 2021	56.16	51.95	8.93	4.21
March 31, 2020	56.16	43.02	3.79	13.14

Note 38: 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.

Note 39: Earnings Per Share

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

Particulars	Unit	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit available to equity shareholders (A)			
Profit after tax	₹ in crore	162.02	200.06
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)]	Rs.	6.43	7.94

L&T Investment Management Limited
Notes forming part of financial statements

Note 40: Deferred tax balances

Disclosure pursuant to Ind AS 12 "Income Taxes"

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

Sr. No.	Particulars	2020-21	2019-20
(a)	Statement of Profit and Loss:		
	Profit and Loss section:		
	(i) Current Income tax :		
	Current income tax expense	13.88	-
		13.88	-
	(ii) Deferred Tax:		
	Effect of recognition of deferred tax asset on unused tax losses to the extent of deferred tax liability on temporary differences	-	(11.91)
	Tax expense on origination and reversal of temporary differences	9.33	11.91
	Income tax expense reported in the statement of profit or loss[(i)+(ii)]	9.33	-

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

Sr. No.	Particulars	2020-21	2019-20
(a)	Profit before tax	185.23	200.06
(b)	Corporate tax rate as per Income tax Act, 1961	25.17%	25.17%
(c)	Tax on accounting profit	(c)=(a)*(b)	46.62
(d)	(i) Tax on expense not tax deductible : Corporate social responsibility (CSR) expenses not deductible		0.51
	(ii) Set off of brought forward loss	0.51	0.07
	(iii) Effect of reversal of deferred tax asset on tax losses and tax offsets recognised in earlier year	(36.94)	(50.42)
	Total effect of tax adjustments [(i) to (xi)]	13.01	-
(e)	Tax expense recognised during the year	(e)=(c)-(d)	(23.41)
(f)	Effective tax Rate		23.21
		(f)=(e)/(a)	12.53% 0.00%

(c) (i) Unused tax losses and unused tax credits for which no deferred tax asset is recognised in Balance sheet:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount	Expiry year	Amount	Expiry year
Tax losses (Business loss and unabsorbed depreciation)				
- Amount of losses having expiry	-		-	
- Amount of losses having no expiry	-		105.94	
Total	-		105.94	

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

Particulars	Deferred tax liabilities/ (assets) as at 01-04-2020	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/ (assets) as at 31-3-2021
Deferred tax liabilities:			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	13.23	(5.21)	8.02
-Fair value of investments (routed through FVTPL)	2.53	0.90	3.43
Deferred tax liabilities:	15.76	(4.31)	11.45
Deferred tax (assets):			
-Carried forward tax losses	(9.70)	9.70	-
-Rent on leased asset	(0.04)	(0.02)	(0.06)
-Defined benefit obligation (Gratuity u/s 40A(7) and Leave encashment u/s 43B)	(1.19)	(0.04)	(1.23)
-Provision for Expenses u/s 40(a)(ia)	(0.82)	0.23	(0.59)
-Other items giving rise to temporary differences	(4.01)	3.77	(0.24)
Deferred tax (assets):	(15.76)	13.64	(2.12)
Net deferred tax liability/(assets)	-	9.33	9.33

Particulars	Deferred tax liabilities/ (assets) as at 01-04-2019	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/ (assets) as at 31-3-2020
Deferred tax liabilities:			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	24.09	(10.86)	13.23
-Fair value of investments (routed through FVTPL)	1.98	0.55	2.53
Deferred tax liabilities:	26.07	(10.31)	15.76
Deferred tax (assets):			
-Carried forward tax losses	(21.61)	11.91	(9.70)
-Rent on leased asset	-	(0.04)	(0.04)
-Defined benefit obligation (Gratuity u/s 40A(7) and Leave encashment u/s 43B)	(1.64)	0.45	(1.19)
-Provision for Expenses u/s 40(a)(ia)	(2.82)	2.00	(0.82)
-Other items giving rise to temporary differences	-	(4.01)	(4.01)
Deferred tax (assets):	(26.07)	10.31	(15.76)
Net deferred tax liability/(assets)	-	-	-

L&T Investment Management Limited

Notes forming part of financial statements

Note 41: 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.

₹ in crore

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS:						
Financial assets						
Cash and cash equivalents	1.33	-	1.33	0.84	-	0.84
Trade receivables	16.83	-	16.83	12.48	-	12.48
Investments	530.07	25.32	555.38	71.28	18.85	90.13
Loans (ICDs)	-	-	-	27.81	275.11	302.92
Other financial assets	9.31	0.20	9.51	5.36	0.57	5.93
Non-financial assets						
Current tax asset	-	42.24	42.24	-	76.88	76.88
Property, plant and equipment	-	0.66	0.66	-	0.60	0.60
Intangible assets under development	-	-	-	-	0.04	0.04
Other intangible assets	-	82.10	82.10	-	129.46	129.46
Right-of-use asset	-	1.58	1.58	-	2.55	2.55
Other non-financial assets	1.20	-	1.20	1.72	0.08	1.80
Total assets	558.74	152.10	710.83	119.49	504.14	623.63
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	1.44	-	1.44	1.11	-	1.11
Lease liability	0.37	1.38	1.75	0.88	1.94	2.82
Other financial liabilities	37.63	-	37.63	33.02	-	33.02
Non-financial liabilities						
Provisions	0.37	4.52	4.89	0.23	5.57	5.80
Other non-financial liabilities	12.78	-	12.78	3.53	-	3.53
Deferred tax liabilities	-	9.33	9.33	-	-	-
Total liabilities	52.59	15.23	67.82	38.77	7.51	46.28
Net (Total assets - Total Liabilities)	506.15	136.87	643.01	80.72	496.63	577.35

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Notes forming part of financial statements

Note 42 : Disclosure pursuant to Ind AS 19 "Employee Benefits"

(i) Defined Contribution plans :

The Company recognise charges of ₹ 1.23 crore (previous year ₹ 1.62 crore) for provident fund contribution, ₹ 0.49 crore (previous year ₹ 0.48 crore) for family pension fund and ₹ 0.66 crore (previous year ₹ 0.70 crore) for superannuation fund contributions in the Statement of Profit and Loss.

(ii) Defined benefits Gratuity Plan

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

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
A) Present Value of Defined Benefit Obligation		
- Wholly funded	5.24	5.64
- Wholly unfunded	-	-
	5.24	5.64
Less : Fair Value of plan assets	(1.71)	(1.72)
Add : Amount not recognised as an asset	-	-
Amount to be recognised as liability or (asset)	3.52	3.92
B) Amounts reflected in Balance Sheet		
Liabilities	3.52	3.92
Assets	-	-
Net liability/(asset)	3.52	3.92
Net liability/(asset) - current	-	-
Net liability/(asset) - non-current	3.52	3.92

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

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
1 Current Service Cost	0.74	0.76
2 Interest Cost	0.36	0.31
3 Interest Income on Plan Assets	(0.13)	(0.17)
4 Actuarial losses/(gains) - others	(1.60)	1.07
5 Actuarial losses/(gains) - difference between actuarial return on plan assets	-	*0.00
Total (1 to 9)	(0.63)	1.97
i Amount included in "employee benefits expenses"	0.74	0.76
ii Amount included in as part of "finance cost"	0.23	0.14
iii Amount included as part of "Other Comprehensive income"	(1.60)	1.07
Total (i + ii + iii)	(0.63)	1.97

* Amount less than Rs. 1 Lakhs

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

Particulars	₹ in crores	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the present value of defined benefit obligation	5.64	4.59
Add : Current Service Cost	0.74	0.76
Add : Interest Cost	0.36	0.31
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	0.17	0.60
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	(0.31)	0.66
iii) Actuarial (gains)/losses arising from changes in experience adjustments	(1.45)	(0.20)
Less : Benefits paid	(0.15)	(1.00)
Add : Past service cost	-	-
Add : Liability assumed/(settled)	0.24	(0.09)
Add/(less) : Translation adjustments	-	-
Closing balance of the present value of defined benefit obligation	5.24	5.64

L&T Investment Management Limited

Notes forming part of financial statements

Note 42 : Disclosure pursuant to Ind AS 19 "Employee Benefits" (Continued)

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

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
Opening balance of the fair value of the plan assets	1.72	2.32
Add : interest income of plan assets	0.13	0.17
Add/(less) : Actuarial gains/(losses) (Difference between actual return on plan assets and interest income)	0.01	-
Add : Contribution by the employer	-	0.23
Add/(less) : Contribution by plan participants	-	-
Less : Benefits paid	(0.15)	(1.00)
Closing balance of plan assets	1.71	1.72

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

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Government of India Securities	-	-
2 Corporate Bonds	-	-
3 Special Deposit Scheme	-	-
4 Insurer Managed Funds (Unquoted)	1.71	1.72
5 Others	-	-

- (f) Principal actuarial assumptions at the valuation date:

Particulars	Gratuity Plan	
	As at March 31, 2021	As at March 31, 2020
1 Discount rate (per annum)	5.60%	6.35%
2 Salary escalation rate (per annum)	9.00%	9.00%

- (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 22% to 26% (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:

Particulars	Gratuity Plan			
	Effect of 1% increase		Effect of 1% decrease	
	2020-21	2019-20	2020-21	2019-20
1 Discount rate (per annum)	(0.23)	(0.70)	0.25	0.83
2 Salary escalation rate (per annum)	0.24	0.80	(0.22)	(0.69)

L&T Investment Management Limited

Notes forming part of financial statements

Note 43: Disclosure pursuant to Ind AS 116 "Lease"

I) **Right-of-use asset:**

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance (net)	2.55	1.40
Add: Additions during the year	0.95	2.02
Less: Deletion during the year	(1.34)	-
Less: Depreciation during the year	(0.58)	(0.87)
Closing balance (net)	1.58	2.55

II) **Lease Liability:**

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2.82	1.50
Add: Additions during the year	0.95	2.02
Less: Deletion during the year	(1.50)	-
Add: Interest accrued during the year	0.15	0.24
Less: Interest paid during the year	(0.15)	(0.24)
Less: Principal repayment during the year	(0.52)	(0.70)
Closing balance	1.75	2.82

III) **Low Value Leases/Short Term Leases**

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
-Low Value Assets	(0.09)	0.10
-Short term Leases	8.34	10.23

Actual Cashflow during the year for

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
-Low Value Assets	(0.09)	0.10
-Short term Leases	8.34	10.23

L&T Investment Management Limited

Notes forming part of financial statements

Note 44 : 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)

1 Ultimate Holding Company

Larsen & Toubro Limited

2 Holding Company

L&T Finance Holdings Limited

3 Fellow Subsidiary Companies

L&T Finance Limited (Refer note 1 below)

L&T Infrastructure Finance Company Limited (Refer note 1 below)

L&T Housing Finance Limited (Refer note 1 below)

L&T Capital Markets Limited (upto April 24, 2020)

Larsen & Toubro Infotech Limited

L&T Financial Consultants Limited

4 Key Management Personnel

Mr. Kailesh Kulkarni (Chief Executive Officer)

Mr. M.V Nair (Independent Director)

Ms. Anisha Motwani (independent Director)

(b) Disclosure of related party transactions :-

₹ in crore

S. No	Nature of Transaction*	2020-21	2019-20
1	Inter corporate deposits given		
	L&T Infrastructure Finance Company Limited (Refer note 1 below)	-	1,426.00
	L&T Finance Limited (Refer note 1 below)	643.46	628.13
	L&T Finance Holdings Limited	-	275.00
2	Inter corporate deposits received back		
	L&T Infrastructure Finance Company Limited (Refer note 1 below)	-	1,426.00
	L&T Finance Limited (Refer note 1 below)	671.26	600.33
	L&T Finance Holdings Limited	275.00	-
3	Interest on inter corporate deposits given		
	L&T Infrastructure Finance Company Limited (Refer note 1 below)	-	13.59
	L&T Finance Limited (Refer note 1 below)	10.52	0.69
	L&T Finance Holdings Limited	2.67	0.12
4	Brand license fees		
	Larsen & Toubro Limited	1.07	0.94
5	Corporate support charges/Management fees to		
	L&T Finance Holdings Limited	0.90	1.35
	L&T Finance Limited (Refer note 1 below)	12.25	-
6	Rent expense paid/received (net)		
	L&T Finance Limited (Refer note 1 below)	2.75	2.08
	L&T Financial Consultants Limited	5.58	8.38
	L & T Housing Finance Limited (Refer note 1 below)	-	(0.23)
7	Professional Fees Expense		
	Larsen & Toubro Limited	0.11	0.08
	Larsen & Toubro Infotech Limited	0.13	0.18
8	Expense on employee stock option plan		
	L&T Finance Holdings Limited	8.93	3.79
9	Repairs and maintenance		
	L&T Financial Consultants Limited	1.44	3.42
	Larsen & Toubro Infotech Limited	-	0.09

L&T Investment Management Limited

Notes forming part of financial statements

Note 44 : Related Party Disclosures: Ind AS -24 "Related Party Transaction"

10	Advertisement and publicity (Mutual fund scheme distribution and business promotion expenses)		-	0.05
	L & T Capital Market Limited			
11	Interest income on Security Deposit		-	0.02
	L&T Financial Consultants Limited			
12	Security deposit paid		1.39	0.37
	L&T Financial Consultants Limited			
13	Interim Dividend paid to		97.96	123.39
	L&T Finance Holdings Limited			
14	Compensation paid to Key Management Personnel :			

Name of Key Management Personnel	₹ in crore			
	Short-Term employee benefits	Other Long - Term employee benefits	Short-Term employee benefits	Other Long - Term employee benefits
1 Mr Kailash Kulkarni **	3.51	-	4.20	0.09
2 Mr M.V Nair	0.02	-	0.02	-
3 Ms.Anisha Motwani	0.02	-	0.02	-

S. No	Nature of transactions	₹ in crore	
		As at March 31, 2021	As at March 31, 2020
1	Accounts payable		
	L&T Finance Limited (Refer note 1 below)	-	0.03
	Larsen & Toubro Infotech Limited	0.01	0.01
	L&T Financial Consultants Limited	0.01	0.02
2	Accounts receivable		
	Larsen & Toubro Limited	0.29	*** 0.00
	L&T Finance Holdings Limited	5.41	-
	L&T Financial Consultants Limited	-	*** 0.00
3	Rent deposit receivable from		
	L&T Financial Consultants Limited	2.75	4.14
	L&T Finance Limited (Refer note 1 below)	-	0.22
4	Brand license fees payable		
	Larsen & Toubro Limited	1.07	0.94
5	ICD Receivable (includes interest accrued)		
	L&T Finance Holdings Limited	-	275.11
	L&T Finance Limited (Refer note 1 below)	-	27.81

* Transactions shown above are excluding GST, 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.

*** Amount less than Rs. 1 Lakhs

Note 1 Amalgamation of L&T Infrastructure Finance Company Limited ("LTIFC"), L&T Housing Finance Limited ("LTHFC") and L&T Finance Limited ("LTFL"):

Pursuant to order of National Company Law Tribunal Benches, Mumbai and Kolkata dated March 15, 2021 and March 19, 2021 respectively, the scheme of amalgamation for merger of LTIFC and LTHFC with LTFL is effected from April 12, 2021. As a consequence, effective April 12, 2021, LTIFC and LTHFC stands merged with LTFL with appointed date being April 01, 2020. In view of the merger, transactions carried out with LTF includes transactions of LTIFC and LTHFC during the year ended March 31, 2021.

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Notes forming part of financial statements

Note 45: Disclosure pursuant to Ind AS 115 "Revenue from contracts with customers"

- 1 Disaggregation of revenue for the year ended March 31, 2021 - Following table covers the revenue segregation in to Operating segments and Geographical areas:

Particulars	₹ in crore	
	Revenue from contracts with customers	Total as per P&L for the year ended March 31, 2021
Segment	Domestic	Total
Management Fee Income	311.29	311.29
Total	311.29	311.29
Revenue Recognised based on performance obligations satisfied over a period of time	-	-
Revenue Recognised based on performance obligations satisfied at a point in time	311.29	311.29

Disaggregation of revenue for the year ended March 31, 2020 - Following table covers the revenue segregation in to Operating segments and Geographical areas:

Particulars	₹ in crore	
	Revenue from contracts with customers	Total as per P&L for the year ended March 31, 2021
Segment	Domestic	Total
Management Fee Income	353.20	353.20
Total	353.20	353.20
Revenue Recognised based on performance obligations satisfied over a period of time	-	-
Revenue Recognised based on performance obligations satisfied at a point in time	353.20	353.20

- 2 Reconciliation of contracted price with revenue during the year :

Particulars	₹ in crore	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue recognised in statement of profit & loss	311.29	353.20
Contracted prices	311.29	353.20

- 3 Movement of trade receivables

Particulars	₹ in crore	
	As at March 31, 2021	As at March 31, 2020
Opening Balance	12.48	13.77
Revenue recognised during the year	311.29	353.20
Invoices raised during the year for point in time sale	311.29	353.20
Amount recovered	306.94	354.49
Closing Balance	16.83	12.48

- 4 The Company has not recognised any assets as on March 31, 2020 and March 31, 2021 from the costs to obtain or fulfil a contract with a customer.

L&T Investment Management Limited

Notes forming part of financial statements

Note 46 : The Company did not have any pending litigations as on March 31, 2021.

Note 47 : The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.

Note 48 : There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

Note 49 : Previous year figures have been reclassified to conform to current year's classification.

As per our report attached

SHARP & TANNAN

Chartered Accountants

Firm's Registration No: 109982W

by the hand of

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

Firdosh D. Buchia

Partner

Membership no. 38332

R. Shankar Raman

Director

DIN- 00019798

Dinanath Dubhashi

Director

DIN- 03545900

Kailash Kulkarni

Chief Executive Officer

Manish Jethwa

Head - Accounts (CFO)

Krishi Jain

Company Secretary

Place : Mumbai

Date: April 27, 2021

Place : Mumbai

Date: April 27, 2021