

## **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 2020, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (“the 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 2020, 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.

### **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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164 (2) of the Act;

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, we report that in our opinion and to the best of our information and according to the explanations given to us, the 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 47 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 48 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 49 to the financial statements.

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

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJZ8068

Mumbai, 13 May 2020

## **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 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, 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 2020 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
Service Tax Rules, 1994	Service Tax	0.14	2009 – 10	Custom, Excise & Service tax appellate tribunal, Mumbai

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

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, 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.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJZ8068

Mumbai, 13 May 2020

## **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 2020 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 issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of internal financial controls over financial reporting**

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

### **Inherent limitations of internal financial controls over financial reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, 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

Firdosh D. Buchia  
Partner  
Membership no. 038332  
UDIN: 20038332AAAAJZ8068

Mumbai, 13 May 2020

**L&T Investment Management Limited**  
**Balance Sheet as at March 31, 2020**

₹ in crores

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>1 Financial assets</b>			
(a) Cash and cash equivalents	2	0.84	0.49
(b) Receivables	3		
(i) Trade Receivables		12.48	13.77
(c) Investments	4	90.13	277.79
(d) Loans	5	302.92	-
(e) Other Financial assets	6	5.93	4.47
<b>2 Non-financial assets</b>			
(a) Current tax assets (Net)	7	76.88	51.75
(b) Property, plant and equipment	8	0.60	0.95
(c) Intangible assets under development	9	0.04	0.29
(d) Other Intangible assets	8	129.46	177.93
(e) Right-of-use asset	10	2.55	-
(f) Other non-financial assets	11	1.80	76.93
<b>Total Assets</b>		<b>623.63</b>	<b>604.37</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>1 Financial liabilities</b>			
(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		1.11	4.98
(b) Lease liability	13	2.82	-
(c) Other financial liabilities	14	33.02	59.79
<b>2 Non-financial liabilities</b>			
(a) Provisions	15	5.80	5.27
(b) Other non-financial liabilities	16	3.53	7.11
<b>3 EQUITY</b>			
(a) Equity share capital	17	251.82	251.82
(b) Other equity	18	325.53	275.40
<b>Total liabilities and equity</b>		<b>623.63</b>	<b>604.37</b>
Significant Accounting Policies	1		
<b>See accompanying notes to the financial statements</b>			

As per our report attached.

**For SHARP AND TANNAN**

Chartered Accountants

Firm's registration no. 109982W

**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

**Sandeep Agarwal**

Head - Accounts

**Krishi Jain**

Company Secretary

Place : Mumbai

Date : May 13, 2020

Place : Mumbai

Date : May 13, 2020

**L&T Investment Management Limited**  
**Statement of Profit and Loss for the year ended March 31, 2020**

₹ in crores

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Revenue from operations</b>			
(i) Interest Income	19	14.40	0.26
(ii) Dividend Income	20	-	0.17
(iii) Fees and commission Income	21	353.20	618.59
(iv) Net gain on fair value changes	22	13.68	9.92
<b>I Total Revenue from operations</b>		<b>381.28</b>	<b>628.94</b>
<b>II Other Income</b>	23	0.48	0.27
<b>III Total Income (I + II)</b>		<b>381.76</b>	<b>629.21</b>
<b>Expenses</b>			
(i) Finance costs	24	0.58	0.37
(ii) Fees and commission expense	25	17.56	330.05
(iii) Employee Benefits Expenses	26	61.45	91.04
(iv) Depreciation, amortization and impairment	27	50.27	49.47
(v) Other expenses	28	51.84	69.93
<b>IV Total Expenses</b>		<b>181.70</b>	<b>540.86</b>
<b>V Profit before tax (III-IV)</b>		<b>200.06</b>	<b>88.35</b>
<b>VI Tax Expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Total tax Expense (VI)</b>		<b>-</b>	<b>-</b>
<b>VII Profit after tax (V-VI)</b>		<b>200.06</b>	<b>88.35</b>
<b>VIII Other Comprehensive Income</b>			
<b>A (i) Items that will not be reclassified to profit or loss</b>			
(a) Remeasurement of defined benefit plans		(1.07)	(0.20)
<b>Total Other Comprehensive Income (VIII)</b>		<b>(1.07)</b>	<b>(0.20)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII)</b>		<b>198.99</b>	<b>88.15</b>
<b>X Earnings per equity share</b>	38		
Basic & Diluted (Rs.) (Face value of Rs. 10 per share)		7.94	3.51
<b>Significant Accounting Policies</b>	1		
<b>See accompanying notes to the financial statements</b>			

As per our report attached.

**For SHARP AND TANNAN**

Chartered Accountants

Firm's registration no. 109982W

**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

**Sandeep Agarwal**

Head - Accounts

**Krishi Jain**

Company Secretary

Place : Mumbai

Date : May 13, 2020

Place : Mumbai

Date : May 13, 2020

**L&T Investment Management Limited**  
**Statement of Cash Flows for the year ended March 31, 2020**

₹ in crores

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>200.06</b>	<b>88.35</b>
<b>Adjustments for :</b>		
Interest on Income Tax	(0.46)	-
Depreciation and Amortisation expense	50.27	49.47
Realised gain on investment in MF	(9.98)	(9.38)
Unrealised gain on investment in MF	(3.70)	(0.54)
Interest Cost on Leases	0.24	0.37
Fixed Assets write off/Loss on Sale of Assets	0.01	0.08
Dividend Income	-	(0.17)
Interest income	(14.40)	(0.26)
Provision for Leave Enchisement and Gratuity	1.51	2.46
<b>Operating profit before working capital changes</b>	<b>223.55</b>	<b>130.38</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets-</b>		
Other financial assets	(0.46)	(0.74)
Other non financial assets	75.13	95.60
Trade receivables	1.29	21.96
<b>Adjustments for increase / (decrease) in operating liabilities-</b>		
Trade Payable	(3.87)	(74.55)
Other financial liabilities	3.45	9.14
Leave Enchisement and Gratuity Paid	(3.08)	(1.51)
Other non financial liabilities	2.63	(11.46)
<b>Cash generated from operations</b>	<b>298.65</b>	<b>168.82</b>
<b>Net income tax (paid)/refund</b>	<b>(24.67)</b>	<b>(29.77)</b>
<b>Net cash from / (used in) operating activities (A)</b>	<b>273.98</b>	<b>139.05</b>
<b>B. Cash flow from investing activities</b>		
Purchases of Fixed Assets	(0.52)	(0.75)
Proceeds from sale of Fixed Assets	0.19	-
Dividend Income	-	0.17
Inter-corporate Deposits Given	(2,329.13)	(3,622.00)
Inter-corporate Deposits received back	2,026.33	3,622.00
Purchase of Investment in Mutual Fund	(35,893.20)	(22,157.17)
Sale of Investment in Mutual Fund	36,094.55	22,013.90
Interest received	14.28	0.26
<b>Net cash from / (used in) investing activities (B)</b>	<b>(87.50)</b>	<b>(143.59)</b>
<b>C. Cash flow from financing activities</b>		
Principal portion of Lease Liability	(0.70)	-
Dividend Paid including dividend distribution tax for previous year	(36.43)	-
Dividend paid including tax for current year	(148.76)	-
Inter-corporate deposits paid back	-	(0.37)
Interest portion of lease liability	(0.24)	-
<b>Net cash used in financing activities (C)</b>	<b>(186.13)</b>	<b>(0.37)</b>

**L&T Investment Management Limited**  
**Statement of Cash Flows for the year ended March 31, 2020**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>0.35</b>	<b>(4.91)</b>
Opening cash and cash equivalent for the year	0.49	5.40
Closing cash and cash equivalent for the year	0.84	0.49

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  
DIN- 00019798

**Dinanath Dubhashi**  
Director  
DIN- 03545900

**Kailash Kulkarni**  
Chief Executive Officer

**Sandeep Agarwal**  
Head - Accounts

**Krishi Jain**  
Company Secretary

Place : Mumbai  
Date : May 13, 2020

Place : Mumbai  
Date : May 13, 2020

**L&T Investment Management Limited**  
**Statement of change in Equity for the year ended March 31, 2020**

**a. Equity share capital**

₹ in crores

Particulars	Number of Shares	Equity share capital
<b>Paid up Capital at April 1, 2018</b>	251,824,329	251.82
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2019</b>	<b>251,824,329</b>	<b>251.82</b>
<b>Paid up Capital at April 1, 2019</b>	251,824,329	251.82
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2020</b>	<b>251,824,329</b>	<b>251.82</b>

**b. Other Equity**

₹ in crores

Particulars	Reserve and surplus			Total
	Securities premium reserve	Retained earnings	Other comprehensive income	
<b>Balance at April 1, 2018</b>	658.89	(433.68)	(1.53)	223.68
Profit for the year	-	88.35	-	88.35
Set off of accumulated losses against securities premium as per NCLT order	(428.78)	428.78	-	-
Dividend	-	(30.22)	-	(30.22)
Dividend distribution tax	-	(6.21)	-	(6.21)
Other comprehensive income for the year, net of income tax	-	-	(0.20)	(0.20)
Total comprehensive income for the year	(428.78)	480.70	(0.20)	51.72
<b>Balance at March 31, 2019</b>	<b>230.11</b>	<b>47.02</b>	<b>(1.73)</b>	<b>275.40</b>
<b>Balance at April 1, 2019</b>	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)
Other comprehensive income for the year, net of income tax	-	-	(1.07)	(1.07)
Dividend	-	(123.39)	-	(123.39)
Dividend distribution tax	-	(25.36)	-	(25.36)
Total comprehensive income for the year	-	51.20	(1.07)	50.13
<b>Balance at March 31, 2020</b>	<b>230.11</b>	<b>98.22</b>	<b>(2.80)</b>	<b>325.53</b>

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

**Sandeep Agarwal**  
Head - Accounts

**Krishi Jain**  
Company Secretary

Place : Mumbai  
Date : May 13, 2020

Place : Mumbai  
Date : May 13, 2020

**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 31st March, 2020 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 May 13, 2020.

**(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.

**(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.

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

**(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 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 been 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.

## L&T Investment Management Limited

### Notes forming part of financial statements

#### (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:

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

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

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

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset 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 (i.e. L&T Finance Holdings Limited) has constituted Employees Stock Options Scheme (the "Scheme"). The Scheme provides that employees are granted an option to subscribe to equity shares of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-Based Payments, issued by ICAI. The holding company follows the fair value method to account for its stock based employee compensation plans. The cost incurred by the holding company, in respect of options granted to employees of the Company, is being recovered by them and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.

#### (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 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.

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

**(l) Financial instruments:**

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

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

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

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

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

**Financial assets:**

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

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

**Financial liabilities and equity :**

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**(m) Scheme expenses & 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 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.

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

**(o) Provisions, Contingent Liabilities & Contingent Assets :**

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

**(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.

**(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.

The areas involving critical estimates or judgements are:

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

# L&T Investment Management Limited

## Notes forming part of financial statements

₹ in crores

### Note 2 : Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with banks	0.84	0.49
<b>Total</b>	<b>0.84</b>	<b>0.49</b>

### Note 3 : Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade receivables</b>		
Receivables considered good - unsecured	12.48	13.77
<b>Total</b>	<b>12.48</b>	<b>13.77</b>

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

₹ in crores

**Note 4 : Investments**

Scheme	Face Value	As at March 31, 2020			As at March 31, 2019		
		Units	Cost	NAV	Units	Cost	NAV
<b>Current Investment</b>							
L&T Liquid Fund DP - G	1000	-	-	-	789,503.70	202.10	202.32
L&T Money Market Fund DP – G	10	-	-	-	5,550,296.53	10.26	10.50
L&T Banking and PSU Debt Fund DP – G	10	38,390,980.32	65.00	71.28	26,910,978.48	45.00	45.23
			<b>65.00</b>	<b>71.28</b>		<b>257.36</b>	<b>258.05</b>
<b>Non- Current Investment</b>							
<b>Equity - At amortised cost</b>							
MF Utilities India Private limited	1	500,000.00	0.05	0.05	500,000.00	0.05	0.05
<b>Mutual Fund - At fair value through P&amp;L</b>							
L&T Arbitrage Opportunity Fund	10	500,000.00	0.50	0.75	500,000.00	0.50	0.70
L&T Business Cycle Fund	10	500,000.00	0.50	0.56	500,000.00	0.50	0.79
L&T Resurgent India Corporate Bond Fund	10	500,000.00	0.50	0.77	500,000.00	0.50	0.71
L&T Liquid Fund DP - G - 2474574/76	1000	2,585.22	0.50	0.70	2,585.22	0.50	0.66
L&T Overnight fund-DP-G							
(Old name :L&T Cash Fund Direct Plan - Growth)	1000	4,375.44	0.50	0.68	4,375.44	0.50	0.65
L&T Equity Fund - DP - G	10	79,560.82	0.50	0.50	79,560.82	0.50	0.68
L&T Balanced Advantage fund-DP-G							
(Old Name : L&T Dynamic Equity Fund - DP - G)	10	235,213.41	0.48	0.57	235,213.41	0.48	0.61
L&T India Large Cap Fund - DP - G	10	243,072.44	0.50	0.54	243,072.44	0.50	0.69
L&T Hybrid Equity Fund - DP - G							
(Old Name :L&T India Prudence Fund - DP - G)	10	255,493.10	0.50	0.59	255,493.10	0.50	0.71
L&T Large and Midcap Fund - DP - G							
(old Name :L&T India Special Situations Fund - DP - G)	10	140,358.76	0.50	0.53	365,788.53	0.50	0.69
L&T India Value Fund - DP - G	10	383,793.84	0.96	1.01	383,793.84	0.96	1.46
L&T Infrastructure Fund - DP - G	10	694,601.20	0.77	0.77	694,601.20	0.77	1.17
L&T Midcap Fund - DP - G	10	58,207.22	0.50	0.61	58,207.22	0.50	0.83
L&T Tax Advantage Fund - DP - G	10	132,721.05	0.50	0.54	132,721.05	0.50	0.74
L&T Flexi Bond Fund - DP - G	10	331,793.81	0.50	0.77	331,793.81	0.50	0.69
L&T Money market Fund - Direct Plan - Growth							
(old name:L&T Floatin Rate Fund - Growth - Direct Plan)	10	365,788.53	0.50	0.75	365,788.53	0.50	0.69
L&T Gilt Fund - DP - G	10	142,009.95	0.50	0.77	142,009.95	0.50	0.69
L&T Credit Risk Fund - DP - G							
(old name:L&T Income Opportunities Fund - DP - G)	10	317,087.87	0.50	0.71	317,087.87	0.50	0.69
L&T Banking and PSU Debt Fund - DP - G	10	344,758.47	0.43	0.64	344,758.47	0.43	0.58
L&T Equity Savings Fund - DP - G	10	276,931.60	0.40	0.45	276,931.60	0.40	0.52
L&T Conservative Hybrid Fund - DP - G							
(old name : L&T Monthly Income Plan - DP - G)	10	178,522.34	0.50	0.66	178,522.34	0.43	0.65
L&T Low Duration Fund - DP - G							
(old name :L&T Short Term Income Fund - DP - G)	10	340,894.37	0.50	0.73	340,894.37	0.50	0.70
L&T Short Term Bond Fund - Direct Plan - Growth (old name :L&T Short Term Opportunities Fund-Growth-DirectPln)	10	367,947.37	0.50	0.74	367,947.37	0.50	0.68
L&T Triple Ace Bond Fund - DP - G	10	135,208.22	0.50	0.75	135,208.22	0.50	0.65
L&T Ultra Short Term Fund - Direct Plan - Growth	10	217,696.08	0.50	0.73	217,696.08	0.50	0.68
L&T Emerging Business Fund - DP - G	10	332,358.42	0.50	0.53	332,358.42	0.50	0.86
L&T Focused Equity Fund Dir. Growth	10	500,000.00	0.50	0.45	500,000.00	0.50	0.54
L&T Nifty50 Index Fund	10		0.50	0.50	-		
L&T Nifty Next 50 Index Fund	10		0.50	0.50			
<b>Total</b>			<b>15.04</b>	<b>18.80</b>		<b>13.97</b>	<b>19.69</b>
<b>Total</b>			<b>80.09</b>	<b>90.13</b>		<b>271.38</b>	<b>277.79</b>

# L&T Investment Management Limited

## Notes forming part of financial statements

₹ in crores

### Note 5 : Loans

Particulars	As at March 31, 2020	As at March 31, 2019
<b>(A)</b>		
<b>(i) At Amortised Cost</b>		
- Inter Corporate Deposit	302.92	-
<b>Total (A) = (i)</b>	<b>302.92</b>	<b>-</b>
<b>(B)</b>		
<b>(i) At Amortised Cost</b>		
-Unsecured	302.92	-
<b>Total (B) = (i)</b>	<b>302.92</b>	<b>-</b>
<b>( C )</b>		
<b>(I) Loans in India</b>		
<b>(i) At Amortised Cost</b>		
- Others	302.92	-
<b>Total ( C )(I) = (i)</b>	<b>302.92</b>	<b>-</b>
<b>(II) Loans outside India</b>		
<b>Total ( C ) (I)+(II)</b>	<b>302.92</b>	<b>-</b>
<b>Total of (A), (B) &amp; ( C ) should tally</b>	<b>-</b>	<b>-</b>

### Note 6 : Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Deposit paid	4.63	4.20
Other receivables	1.30	0.26
Other receivable from related Party	-	0.01
<b>Total</b>	<b>5.93</b>	<b>4.47</b>

### Note 7 :Current tax assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax assets (including TDS & Advance Tax)	76.88	51.75
<b>Total</b>	<b>76.88</b>	<b>51.75</b>

**L&T Investment Mangement Limited**  
Notes forming part of financial statements

₹ in crores

Note 8 : Property, plant and equipment

**Tangible assets :**

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

**Intangible assets :**

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

**Previous year**

**Tangible assets :**

Particulars	Gross Block			Depreciation				Net Block		
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the Year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Leasehold Improvements	0.11	0.10	0.01	0.20	0.05	0.04	0.01	0.08	0.12	0.06
Computers	0.43	0.27	0.01	0.69	0.16	0.13	0.01	0.28	0.41	0.27
Furniture and Fittings	0.04	0.06	0.03	0.07	0.01	0.02	-	0.03	0.04	0.03
Office Equipment	0.23	0.02	0.08	0.17	0.07	0.04	0.04	0.07	0.10	0.16
Vehicles	0.40	-	-	0.40	0.02	0.10	-	0.12	0.28	0.38
	1.21	0.45	0.13	1.53	0.31	0.33	0.06	0.58	0.95	0.90

**Intangible assets :**

Particulars	Gross Block			Depreciation				Net Block		
	As at April 01, 2018	Additions	Deductions	As at March 31, 2019	As at April 01, 2018	For the Year	Deductions	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Specialised softwares	7.41	0.29	-	7.70	6.85	0.52	-	7.37	0.33	0.56
Asset Management Rights	486.55	-	-	486.55	260.33	48.62	-	308.95	177.60	226.22
	493.96	0.29	-	494.25	267.18	49.14	-	316.32	177.93	226.78

# L&T Investment Management Limited

## Notes forming part of financial statements

₹ in crores

### Note 9 : Intangible assets under Development

Particulars	As at March 31, 2020	As at March 31, 2019
Intangible Assets Under Development	0.04	0.29
<b>Total</b>	<b>0.04</b>	<b>0.29</b>

### Note 10 : Right-of-use asset

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Gross carrying amount</b>		
Opening gross carrying amount	2.07	-
Add: Additions during the year	2.02	-
Less: Deductions during the year	-	-
Closing gross carrying amount	<b>4.10</b>	-
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	0.67	-
Add: Depreciation and impairment	0.87	-
Less: Deductions during the year	-	-
Closing accumulated depreciation	<b>1.55</b>	-
<b>Net carrying amount (A) - (B)</b>	<b>2.55</b>	-

### Note 11 : Other non-financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid Expenses	1.09	61.79
Advances to Suppliers	0.66	0.17
Advances to Employees	0.05	0.06
Advances to Related Party	-	0.22
Statutory Dues Recoverable	-	14.69
<b>Total</b>	<b>1.80</b>	<b>76.93</b>

### Note 12 : Payables

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Payables	0.11	0.05
Payable against Esop	-	2.75
Due to related parties	1.00	2.18
<b>Total</b>	<b>1.11</b>	<b>4.98</b>

### Note 13 : Lease liability

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities	2.82	-
<b>Total</b>	<b>2.82</b>	-

### Note 14 : Other financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Employee Benefits Payable	21.71	21.85
Unclaimed Cheques	0.01	0.01

Due to related parties	-	0.45
Dividend Payable	-	30.22
Provision for Expenses	11.30	7.18
Other Payables	-	0.08
<b>Total</b>	<b>33.02</b>	<b>59.79</b>

# L&T Investment Management Limited

## Notes forming part of financial statements

₹ in crores

### Note 15 : Provisions

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Compensated Absences	1.87	3.00
Gratuity	3.93	2.27
<b>Total</b>	<b>5.80</b>	<b>5.27</b>

### Note 16 : Other non-financial liabilities

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Statutory liabilities	3.53	0.90
Dividend distribution tax payable on equity dividend	-	6.21
<b>Total</b>	<b>3.53</b>	<b>7.11</b>

# L&T Investment Management Limited

## Notes forming part of financial statements

Note 17 : share capital

₹ in crores

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised</b>				
Equity shares of INR 10 each with voting rights	551,257,920	551.26	551,257,920	551.26
Compulsory convertible preference shares of INR 100 each	3,300,000	33.00	3,300,000	33.00
Non-convertible preference shares of INR 100 each	22,000,000	220.00	22,000,000	220.00
Non-convertible preference shares of INR 10 each	650,000,000	650.00	650,000,000	650.00
	<b>1,226,557,920</b>	<b>1,454.26</b>	<b>1,226,557,920</b>	<b>1,454.26</b>
<b>Issued</b>				
Equity shares of INR 10 each fully paid	<b>251,824,329</b>	<b>251.82</b>	<b>251,824,329</b>	<b>251.82</b>
	<b>251,824,329</b>	<b>251.82</b>	<b>251,824,329</b>	<b>251.82</b>
<b>Subscribed and Paid up</b>				
Equity shares of INR 10 each fully paid	<b>251,824,329</b>	<b>251.82</b>	<b>251,824,329</b>	<b>251.82</b>
	<b>251,824,329</b>	<b>251.82</b>	<b>251,824,329</b>	<b>251.82</b>

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

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares at the beginning of the year	251,824,329	251.82	251,824,329	251.82
Add: Shares issued during the year	-	-	-	-
Equity shares at the end of the year	<b>251,824,329</b>	<b>251.82</b>	<b>251,824,329</b>	<b>251.82</b>

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

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ₹10/- each fully paid	251,824,329	251.82	251,824,329	251.82

251,824,329 equity shares (251,824,329 as at 31st March, 2019) are held by the holding company, including 7 equity shares (7 as at 31st March, 2019) 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, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
L&T Finance Holdings Limited (including its nominee)	251,824,329	100.00	251,824,329	100.00

251,824,329 equity shares (251,824,329 as at 31st March, 2019) are held by the holding company, including 7 equity shares (7 as at 31st March, 2019) held by nominees of the holding company where the beneficial ownership is with the holding company.

**(e) Terms / Rights Attached to Equity shares:**

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

(f) There are no shares allotted for consideration other than cash during 5 years immediately preceding 31st March 2020.

(g) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding 31st March 2020.

(h) There are no shares bought back during 5 years immediately preceding 31st March 2020.

# L&T Investment Management Limited

## Notes forming part of financial statements

₹ in crores

### Note 18 : Other Equity

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Securities Premium Account	230.11	230.11
Retained earnings	98.22	47.02
Other Comprehensive Income	(2.80)	(1.73)
<b>Total</b>	<b>325.53</b>	<b>275.40</b>

Note 18.1 Retained Earnings	As at	As at
	March 31, 2020	March 31, 2019
Balance at beginning of year	47.02	(433.68)
Impact of account of implementation of Ind AS 116	(0.10)	-
Set off of accumulated losses against securities premium	-	428.78
Profit for the year	200.06	88.35
Dividend	(123.39)	(30.22)
Dividend distribution tax on equity dividend	(25.36)	(6.21)
<b>Balance at end of year</b>	<b>98.22</b>	<b>47.02</b>

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

Note 18.2 Securities Premium	As at	As at
	March 31, 2020	March 31, 2019
Balance at beginning of year	230.11	658.89
Less : Set off of accumulated losses against securities premium as per NCLT order	-	(428.78)
<b>Balance at end of year</b>	<b>230.11</b>	<b>230.11</b>

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

Note 18.3 Other Comprehensive Income	As at	As at
	March 31, 2020	March 31, 2019
Balance at beginning of year	(1.73)	(1.53)
Remeasurement of defined benefit plans	(1.07)	(0.20)
<b>Balance at end of year</b>	<b>(2.80)</b>	<b>(1.73)</b>

**L&T Investment Mangement Limited**  
**Notes forming part of financial statements**

₹ in crores

**Note 19 : Interest Income**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>(a) Interest on Loans</b>		
On Financial Assets measured at:		
(i) Amortised cost	14.40	0.26
<b>Total (a)</b>	<b>14.40</b>	<b>0.26</b>

**Note 20 : Dividend Income**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Dividend income from mutual fund	-	0.17
<b>Total</b>	<b>-</b>	<b>0.17</b>

**Note 21 : Fees and commission Income**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Management Fees	353.20	618.59
<b>Total</b>	<b>353.20</b>	<b>618.59</b>

**Note 22 : Net gain on fair value changes**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
<b>(A) Net gain on financial instruments at fair value through profit or loss</b>		
<b>(i) On trading portfolio</b>		
- Investments	15.57	9.28
	<b>15.57</b>	<b>9.28</b>
<b>(ii) On Non-trading portfolio</b>		
- Investments	(1.89)	0.64
	<b>(1.89)</b>	<b>0.64</b>
<b>Total Net gain on fair value changes (A)</b>	<b>13.68</b>	<b>9.92</b>
<b>(B) Fair Value changes:</b>		
-Realised	9.98	9.38
-Unrealised	3.70	0.54
<b>Total Net gain on fair value changes (B)</b>	<b>13.68</b>	<b>9.92</b>
<b>Total Net gain on fair value changes(A) to tally with (B)</b>	<b>-</b>	<b>-</b>

**Note 23 : Other Income**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest on Income Tax Refund	0.46	-
Other income	0.02	0.27
<b>Total</b>	<b>0.48</b>	<b>0.27</b>

**L&T Investment Mangement Limited**  
**Notes forming part of financial statements**

₹ in crores

**Note 24 : Finance costs**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest on borrowings	-	0.09
Interest Cost on Gratuity	0.14	0.11
Interest Cost on Leases	0.24	-
Interest Cost on Leave Encashment	0.20	0.18
<b>Total</b>	<b>0.58</b>	<b>0.37</b>

**Note 25 : Fees and commission expense**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Mutual fund scheme and distribution expenses	17.56	330.05
<b>Total</b>	<b>17.56</b>	<b>330.05</b>

**Note 26 : Employee Benefits Expenses**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries and wages	52.54	65.24
Contribution to provident and other funds	2.80	2.56
Gratuity	0.76	0.69
Employee stock option plan	3.79	20.88
Staff welfare expenses	1.56	1.67
<b>Total</b>	<b>61.45</b>	<b>91.04</b>

**Note 27 : Depreciation, amortization and impairment**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Depreciation	0.29	0.33
Depreciation - Right ofUseAsset	0.87	-
Amortisation on Asset Management Rights & Softwares	49.11	49.14
<b>Total</b>	<b>50.27</b>	<b>49.47</b>

**L&T Investment Mangement Limited**  
**Notes forming part of financial statements**

₹ in crores

**Note 28 : Other Expenses**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Rent	10.33	11.62
Rates & Taxes	0.18	0.01
Repairs and maintenance	10.88	9.59
Communication Costs	1.06	1.35
Printing and stationery	0.47	1.50
Advertisement and publicity	9.44	25.96
Director's fees, allowances and expenses	0.04	0.04
Auditor's remuneration		
Audit Fees	0.18	0.16
Expenses reimbursed	-	0.01
Limited review fees	0.09	0.08
Certification fees	0.02	0.02
Tax audit Fees	0.03	0.03
Legal and Professional charges	4.38	5.27
Insurance	0.03	0.17
Electricity Charges	0.09	0.06
Filing Fees	1.06	0.95
Outsource service charges	6.55	7.02
Membership and Subscription	2.74	2.55
Donations	0.14	0.36
Management Fees	1.35	0.82
Loss on sale of assets	0.01	-
Travelling and conveyance	1.17	1.13
Corporate Social Responsibility	0.53	-
Brand License Fee	0.94	0.91
Miscellaneous expenses	0.13	0.32
<b>Total</b>	<b>51.84</b>	<b>69.93</b>

## L&T Investment Management Limited

Notes forming part of financial statements

₹ in Crores

### Note 29: Fair value measurements

#### Financial instruments by category

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
Investments						
- Equity instruments	-	-	0.05	-	-	0.05
- Mutual funds	90.08	-	-	277.74	-	-
Loans	-	-	302.92	-	-	-
Trade receivables	-	-	12.48	-	-	13.77
Cash and cash equivalents	-	-	0.84	-	-	0.49
Other Financial Assets	-	-	5.93	-	-	4.47
<b>Total financial assets</b>	<b>90.08</b>	<b>-</b>	<b>322.22</b>	<b>277.74</b>	<b>-</b>	<b>18.78</b>
<b>Financial liabilities</b>						
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	-	-	1.11	-	-	4.98
Lease liability	-	-	2.82	-	-	-
Other Financial Liabilities	-	-	33.02	-	-	59.79
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>36.95</b>	<b>-</b>	<b>-</b>	<b>64.77</b>

#### Items of Income, expense, gains or losses

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Net gain/ (losses) on financial assets and financial liabilities</b>						
Dividend Income	-	-	-	0.17	-	-
Gain/ (loss) on fair valuation or sale of investment in mutual fund units	13.68	-	-	9.92	-	-
Interest Income	-	-	14.40	-	-	0.26
Interest Expenses	-	-	0.24	-	-	0.09

#### (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.

<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>	Notes	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2020</b>					
<b>Financial assets</b>					
<i>Financial Investments at FVTPL</i>					
Mutual funds	4	90.08	-	-	90.08
<b>Total financial assets</b>		<b>90.08</b>	<b>-</b>	<b>-</b>	<b>90.08</b>

<b>Financial assets and liabilities measured at fair value - recurring fair value measurements</b>	Notes	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2019</b>					
<b>Financial assets</b>					
<i>Financial Investments at FVTPL</i>					
Mutual funds	4	277.74	-	-	277.74
<b>Total financial assets</b>		<b>277.74</b>	<b>-</b>	<b>-</b>	<b>277.74</b>

**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

₹ in Crores

### Note 30: 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 31 March 2020	Less than one year	
	As at March 31, 2020	As at March 31, 2019
<b>Non-derivatives</b>		
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	1.11	4.98
Lease liability	2.82	-
Other financial liabilities	33.02	59.79
<b>Total non-derivative liabilities</b>	<b>36.95</b>	<b>64.77</b>

#### (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

₹ in Crores

### Note 31: Capital management

The Company's objectives when managing capital are to

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

### Note 32: Disclosure pertaining to Corporate Social Responsibility (CSR) related activities:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Amount required to be spent during the year :	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	0.53	-

### Note 33: Contingent liabilities and capital commitments

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Contingent Liabilities:</b>		
a) Claim against the Company not acknowledged as debt:		
Sales tax/ VAT / Service Tax matter in dispute*	0.14	0.14
<b>Commitments (to the extent not provided for)</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for **	1.71	0.86

\* 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 34: 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 35 : Foreign currency expenditure

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Legal and professional charges	0.25	-
Advertising and publicity	0.04	-
Repairs and maintenance	1.47	1.56
<b>Total</b>	<b>1.76</b>	<b>1.56</b>

Realised foreign exchange loss recognised in the Statement of Profit and Loss during the year is Rs. Nil (Rs. Nil for financial year 2019-20).

### Note 36 : 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, 2020	56.16	43.02	3.79	13.14
March 31, 2019	66.41	39.23	20.88	27.18

### Note 37: 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 38: 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, 2020	For the year ended March 31, 2019
<b>Profit available to equity shareholders (A)</b>			
Profit after tax	Rs.in Crores	200.06	88.35
<b>Weighted average number of equity shares</b>			
Number of shares at the beginning of the year	No.	251,824,329	251,824,329
Shares issued during the year	No.	-	-
Total number of equity shares outstanding at the end of the year	No.	251,824,329	251,824,329
Weighted average number of equity shares (B)	No.	251,824,329	251,824,329
Nominal value of equity shares	Rs.	10/-	10/-
Basic and Diluted earnings per share [(A)/(B)]	Rs.	7.94	3.51

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

**Note 39: Deferred tax balances**

₹ in crores

Disclosure pursuant to Ind AS 12 "Income Taxes"

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

Sr. No.	Particulars	2019-20	2018-19
(a)	Statement of Profit and Loss:		
	Profit and Loss section:		
	(i) Current Income tax :		
	Current income tax expense	-	-
	(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)	(5.70)
	Tax expense on origination and reversal of temporary differences	11.91	5.70
	<b>Income tax expense reported in the statement of profit or loss[(i)+(ii)]</b>	-	-

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

Sr. No.	Particulars	2019-20	2018-19
(a)	<b>Profit before tax</b>	200.06	88.35
(b)	Corporate tax rate as per Income tax Act, 1961	25.17%	34.94%
(c)	Tax on accounting profit (c)=(a)*(b)	50.35	30.87
(d)	(i) Tax on Income exempt from tax :		
	(A) Dividend income and interest on tax free bonds	-	(0.06)
	(ii) Tax on expense not tax deductible :		
	Corporate Social Responsibility (CSR) expenses not deductible	0.07	0.02
	(iii) Set off of brought forward loss	(50.42)	(39.20)
	(iv) Effect of reversal of deferred tax asset on tax losses and tax offsets recognised in earlier year	-	5.70
	(v) Effect on deferred tax due to change in Income tax rate	-	-
	(vi) Tax effect on various other Items	-	2.67
	<b>Total effect of tax adjustments [(i) to (xi)]</b>	(50.35)	(30.87)
(e)	<b>Tax expense recognised during the year (e)=(c)-(d)</b>	-	-

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

Particulars	As at 31-3-2020		As at 31-3-2019	
	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		293.27	
<b>Total</b>	<b>105.94</b>		<b>293.27</b>	

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

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
<b>Deferred tax liabilities:</b>			
-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 and FVTOCI)	1.98	0.55	2.53
<b>Deferred tax liabilities:</b>	<b>26.07</b>	<b>(10.31)</b>	<b>15.76</b>
<b>Deferred tax (assets):</b>			
-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)
<b>Deferred tax (assets):</b>	<b>(26.07)</b>	<b>10.31</b>	<b>(15.76)</b>
<b>Net deferred tax liability/(assets)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	Deferred tax liabilities/(assets) as at 01-04-2018	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/(assets) as at 31-3-2019
<b>Deferred tax liabilities:</b>			
-Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	29.44	(5.35)	24.09
-Fair value of investments (routed through FVTPL and FVTOCI)	-	1.98	1.98
<b>Deferred tax liabilities:</b>	<b>29.44</b>	<b>(3.37)</b>	<b>26.07</b>
<b>Deferred tax (assets):</b>			
-Carried forward tax losses	(27.31)	5.70	(21.61)
-Defined benefit obligation (Gratuity u/s 40A(7) and Leave encashment u/s 43B)	(1.29)	(0.35)	(1.64)
-Provision for Expenses u/s 40(a)(ia)	(0.84)	(1.97)	(2.82)
<b>Deferred tax (assets):</b>	<b>(29.44)</b>	<b>3.37</b>	<b>(26.07)</b>
<b>Net deferred tax liability/(assets)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## L&T Investment Management Limited

### Notes forming part of financial statements

₹ in Crores

#### Note 40: 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.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash and cash equivalents	0.84	-	0.84	0.49	-	0.49
Trade receivables	12.48	-	12.48	13.77	-	13.77
Investments	71.28	18.85	90.13	258.05	19.74	277.79
Loans	27.81	275.11	302.92	-	-	-
Other financial assets	5.36	0.57	5.93	0.31	4.16	4.47
<b>Non-financial assets</b>						
Current tax asset	-	76.88	76.88	-	51.75	51.75
Property, plant and equipment	-	0.60	0.60	-	0.95	0.95
Intangible assets under development	-	0.04	0.04	-	0.29	0.29
Other intangible assets	-	129.46	129.46	-	177.93	177.93
Right-of-use asset	-	2.55	2.55	-	-	-
Other non-financial assets	1.72	0.08	1.80	60.91	16.02	76.93
<b>Total assets</b>	<b>119.49</b>	<b>504.14</b>	<b>623.63</b>	<b>333.53</b>	<b>270.84</b>	<b>604.37</b>
<b>LIABILITIES</b>						
<b>Financial liabilities</b>						
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	1.11	-	1.11	4.98	-	4.98
Lease liability	0.88	1.94	2.82			
Other financial liabilities	33.02	-	33.02	59.79	-	59.79
<b>Non-financial liabilities</b>						
Provisions	0.23	5.57	5.80	3.00	2.27	5.27
Other non-financial liabilities	3.53	-	3.53	7.11	-	7.11
<b>Total liabilities</b>	<b>38.77</b>	<b>7.51</b>	<b>46.28</b>	<b>74.88</b>	<b>2.27</b>	<b>77.15</b>
<b>Net (Total assets - Total Liabilities)</b>	<b>80.72</b>	<b>496.63</b>	<b>577.35</b>	<b>258.65</b>	<b>268.57</b>	<b>527.22</b>

## L&T Investment Management Limited

Notes forming part of financial statements

### Note 41 Disclosure pursuant to Ind AS 19 "Employee Benefits" :

(i) **Defined Contribution plans :**

The Company recognise charges of Rs 1.62 Crores (previous year Rs. 1.42 Crores) for provident fund contribution, Rs. 0.48 Crores (previous year Rs. 0.45 Crores) for family pension fund and Rs. 0.70 Crores (previous year Rs. 0.67 Crores) 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:

		₹ in crores	
		Gratuity Plan	
Particulars		As at March 31, 2020	As at March 31, 2019
A)	Present Value of Defined Benefit Obligation		
	- Wholly funded	5.64	4.59
	- Wholly unfunded	-	-
		5.64	4.59
	Less : Fair Value of plan assets	(1.72)	(2.32)
	Add : Amount not recognised as an asset	-	-
	Amount to be recognised as liability or (asset)	3.92	2.27
B)	Amounts reflected in Balance Sheet		
	Liabilities	3.92	2.27
	Assets	-	-
	Net liability/(asset)	3.92	2.27
	Net liability/(asset) - current	-	-
	Net liability/(asset) - non-current	3.92	2.27

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

		₹ in crores	
		Gratuity Plan	
Particulars		As at March 31, 2020	As at March 31, 2019
1	Current Service Cost	0.76	0.69
2	Interest Cost	0.31	0.27
3	Interest Income on Plan Assets	-0.17	-0.17
4	Actuarial losses/(gains) - others	1.07	0.12
5	Actuarial losses/(gains) - difference between actuarial return on plan assets	-0.00	0.08
6	Past Service Cost	-	-
7	Actuarial gain/(loss) not recognised in Books	-	-
8	Translation adjustments	-	-
9	Amount capitalised out of the above/ recovered from S&A	-	-
<b>Total (1 to 9)</b>		<b>1.97</b>	<b>0.99</b>
i	Amount included in "employee benefits expenses"	0.76	0.69
ii	Amount included in as part of "finance cost"	0.14	0.10
iii	Amount included as part of "Other Comprehensive income"	1.07	0.20
<b>Total (i + ii + iii)</b>		<b>1.97</b>	<b>0.99</b>

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

		₹ in crores	
		Gratuity Plan	
Particulars		As at March 31, 2020	As at March 31, 2019
	Opening balance of the present value of defined benefit obligation	4.59	3.76
	Add : Current Service Cost	0.76	0.69
	Add : Interest Cost	0.31	0.27
	Add : Actuarial losses/(gains)		
	i) Actuarial (gains)/losses arising from changes in financial assumptions	0.60	0.12
	ii) Actuarial (gains)/losses arising from changes in demographic assumptions	0.66	-.**
	ii) Actuarial (gains)/losses arising from changes in experience adjustments	-0.20	-.**
	Less : Benefits paid	(1.00)	(0.25)
	Add : Past service cost	-	-
	Add : Liability assumed/(settled)*	-0.09	-.**
	Add/(less) : Translation adjustments	-	-
	Closing balance of the present value of defined benefit obligation	<b>5.64</b>	<b>4.59</b>

\*\*Amount is less than 1 Lakh

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

**Note 41 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**

Particulars	₹ in crores	
	Gratuity Plan	
	As at March 31, 2020	As at March 31, 2019
Opening balance of the fair value of the plan assets	2.32	2.14
Add : interest income of plan assets	0.17	0.17
Add/(less) : Actuarial gains/(losses) (Difference between actual return on plan assets and interest income)		-0.08
Add : Contribution by the employer	0.23	0.34
Add/(less) : Contribution by plan participants		
Less : Benefits paid	(1.00)	(0.25)
Closing balance of plan assets	<b>1.72</b>	<b>2.32</b>

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

Particulars	₹ in crores	
	Gratuity Plan	
	As at March 31, 2020	As at March 31, 2019
1 Government of India Securities	-	-
2 Corporate Bonds	-	-
3 Special Deposit Scheme	-	-
4 Insurer Managed Funds (Unquoted)	1.72	2.32
5 Others	-	-

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

Particulars	Gratuity Plan	
	As at	As at
	March 31, 2020	March 31, 2019
1 Discount rate (per annum)	6.35%	7.20%
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 5% to 15% (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	₹ in crores			
	Gratuity Plan			
	Effect of 1% increase		Effect of 1% decrease	
	2019-20	2018-19	2019-20	2018-19
1 Discount rate (per annum)	(0.70)	(0.26)	0.83	0.29
2 Salary escalation rate (per annum)	0.80	0.28	(0.69)	(0.26)

## L&T Investment Management Limited

Notes forming part of financial statements

### Note 42: Disclosure pursuant to Ind AS 116 "Lease"

₹ in crores

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

Opening ROU Recognised as on 01.04.2019 (Net)	1.40
Add: Additions during the year	2.02
Less: Depreciation during the year	(0.87)
<b>Closing ROU Recognised as on 31.03.2020 (Net)</b>	<b>2.55</b>

II) **Lease Liability:**

Opening Lease liability as on 01.04.2019	1.50
Add: Additions during the year	2.02
Add: Interest accrued during the year	0.24
Less: Interest paid during the year	(0.24)
Less: Principal Repayment during the year	(0.70)
<b>Closing Lease liability as on 31.03.2020</b>	<b>2.82</b>

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

**Expenses recognised during the year for**

-Low Value Assets	0.10
-Short term Leases	10.23

**Actual Cashflow during the year for**

-Low Value Assets	0.10
-Short term Leases	10.23

IV) **Transition Disclosure**

**A. Opening Impact of IndAS116**

ROU as on the transition date i.e. 01.04.2019	1.40
Lease liability as on the transition date i.e. 01.04.2019	1.50
<b>Opening Impact in Retained Earnings</b>	<b>(0.10)</b>

**B. Reconciliation of lease commitments for lessees:**

Reconciliation between operating lease commitments disclosed as per Ind AS 17 as on 31st March 19 and lease liabilities recognised in the balance sheet at the date of initial application i.e. 1st April 19:

<b>Total Operating Lease commitments disclosed as at 31st March 2019</b>	<b>1.57</b>
Less: Recognition exemptions -	
• Low Value Leases	-
• Short Term Leases	-
Less: Impact of discounting under Ind AS 116	(0.07)
Add: Extension and termination options reasonably certain to be exercised	-
Add: Commitments relating to leases previously classified as finance leases	-
<b>Total Lease Liability recognized as at 1st April 2019</b>	<b>1.50</b>

**C. Discount rate at which the lease liability is recognised as on the initial application**

**8.29%**

## L&T Investment Management Limited

Notes forming part of financial statements

### Note 43 - Related Party Disclosures: Ind AS -24 "Related Party Transaction"

<b>(a) List of Related Parties (with whom transactions were carried out during current or previous year)</b>			
<b>1</b>	<b>Ultimate Holding Company</b>		
	Larsen & Toubro Limited		
<b>2</b>	<b>Holding Company</b>		
	L&T Finance Holdings Limited		
<b>3</b>	<b>Fellow Subsidiary Companies</b>		
	L&T Finance Limited		
	Larsen & Toubro Infotech Limited		
	L&T Housing Finance Limited		
	L&T Capital Markets Limited		
	L&T Infrastructure Finance Company Limited		
	L&T Financial Consultants Limited		
<b>4</b>	<b>Key Management Personnel</b>		
	Mr. Kailesh Kulkarni (Chief Executive Officer)		
	Mr. M.V Nair (Independent Director)		
	Ms. Anisha Motwani (Independent Director)		
<b>(b)</b>	<b>Disclosure of related party transactions :-</b>		<b>₹ in crores</b>
<b>S. No</b>	<b>Nature of Transaction*</b>	<b>2019-20</b>	<b>2018-19</b>
<b>1</b>	<b>Inter corporate deposits given</b>		
	L&T Infrastructure Finance Company Limited	1,426.00	-
	L&T Finance Limited	628.13	133.25
	L&T Finance Holdings Limited	275.00	-
<b>2</b>	<b>Inter corporate deposits received back</b>		
	L&T Infrastructure Finance Company Limited	1,426.00	-
	L&T Finance Limited	600.33	133.25
<b>3</b>	<b>Inter corporate deposits borrowed</b>		
	L&T Finance Holdings Limited	-	36.22
<b>4</b>	<b>Inter corporate deposits repaid</b>		
	L&T Finance Holdings Limited	-	36.22
<b>5</b>	<b>Interest on inter corporate deposits given</b>		
	L&T Infrastructure Finance Company Limited	13.59	-
	L&T Finance Limited	0.69	0.26
	L&T Finance Holdings Limited	0.12	-
<b>6</b>	<b>Interest on inter corporate deposits borrowed</b>		
	L&T Finance Holdings Limited	-	0.09
<b>7</b>	<b>Brand license fees</b>		
	Larsen & Toubro Limited	0.94	0.91
<b>8</b>	<b>Management Fees paid</b>		
	L&T Finance Holdings Limited	1.35	0.82
<b>9</b>	<b>Rent expense paid/received (net)</b>		
	L&T Finance Limited	2.08	2.33
	L&T Financial Consultants Limited	8.38	8.26
	L & T Housing Finance Limited	(0.23)	(0.04)
<b>10</b>	<b>Professional Fees Expense</b>		
	Larsen & Toubro Limited	0.08	0.10
	Larsen & Toubro Infotech Limited	0.18	-

## L&T Investment Management Limited

### Notes forming part of financial statements

#### Note 43 - Related Party Disclosures: Ind AS -24 "Related Party Transaction"

<b>11</b>	<b>Expense on employee stock option plan</b>		
	L&T Finance Holdings Limited	3.79	20.88
<b>12</b>	<b>Repairs and maintenance</b>		
	Larsen & Toubro Limited	-	0.02
	L&T Financial Consultants Limited	3.42	3.21
	Larsen & Toubro Infotech Limited	0.09	0.18
<b>13</b>	<b>Advertisement and publicity (Mutual fund scheme distribution and business promotion expenses)</b>		
	L & T Capital Market Limited	0.05	6.23
<b>14</b>	<b>Interest income on Security Deposit</b>		
	L&T Financial Consultants Limited	0.02	0.27
<b>15</b>	<b>Travelling and conveyance</b>		
	L&T Financial Consultants Limited	-	0.02
<b>16</b>	<b>Security deposit paid</b>		
	L&T Financial Consultants Limited	0.37	0.24
<b>17</b>	<b>Interim Dividend paid to</b>		
	L&T Finance Holdings Limited	123.39	30.22
<b>18</b>	<b>Compensation paid to Key Management Personnel :</b>		

		2019-20		₹ in crores
				2018-19
Name of Key Management Personnel		Short-Term employee benefits	Other Long-Term employee benefits	Short-Term employee benefits
1	Mr Kailash Kulkarni **	4.20	0.09	5.30
2	Mr M.V Nair	0.02	-	0.01
3	Ms.Anisha Motwani	0.02	-	0.02

#### (c) Amount due to/from Related Parties:

		₹ in crores	
S. No	Nature of transactions	As at March 31,2020	As at March 31,2019
<b>1</b>	<b>Accounts payable</b>		
	L&T Finance Limited	0.03	0.41
	Larsen & Toubro Infotech Limited	0.01	0.11
	L&T Finance Holdings Limited	-	33.12
	L&T Financial Consultants Limited	0.02	1.01
	L & T Capital Market Limited	-	0.04
<b>2</b>	<b>Accounts receivable</b>		
	Larsen & Toubro Limited	*** 0.00	0.22
	L&T Finance Limited	-	0.01
	L&T Financial Consultants Limited	*** 0.00	-
<b>3</b>	<b>Rent deposit receivable from</b>		
	L&T Financial Consultants Limited	4.14	3.75
	L&T Finance Limited	0.22	0.22
<b>4</b>	<b>Brand license fees payable</b>		
	Larsen & Toubro Limited	0.94	0.91
<b>5</b>	<b>Prepaid Expenses</b>		
	L&T Financial Consultants Limited	-	0.02
<b>6</b>	<b>ICD Receivable (includes interest accrued)</b>		
	L&T Finance Holdings Limited	275.11	-
	L&T Finance Limited	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

**L&T Investment Management Limited**

Notes forming part of financial statements

Note 44: Disclosure pursuant to Ind AS 115 "Revenue from contracts with customers"

₹ in crores

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

Particulars	Revenue from contracts with customers	Total as per P&L for the year ended March 31, 2020
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

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

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

- 2 Reconciliation of contracted price with revenue during the year

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue recognised in statement of profit & loss	353.20	618.59
Contracted prices	353.20	618.59

- 3 Movement of trade receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	13.77	35.73
Revenue recognised during the year	353.20	618.59
Invoices raised during the year for point in time sale	353.20	618.59
Amount recovered	354.49	640.55
Closing Balance	12.48	13.77

- 4 The Company has not recognised any assets as on March 31, 2019 and March 31, 2020 from the costs to obtain or fulfil a contract with a customer.

## **L&T Investment Management Limited**

### **Notes forming part of financial statements**

#### **Note 45: Note on NCLT Petition**

The Company had filed NCLT petition for setting off the accumulated losses amounting to Rs. 428.78 Crores as at March 31, 2018 against the amount lying in its securities premium account of Rs. 658.89 Crores. The NCLT application was filed on August 22, 2018 and order was received on February 5, 2019. Based on the NCLT order, the accumulated losses of Rs. 428.78 Crores were adjusted with securities premium.

#### **Note 46 : Estimation uncertainty relating to the global health pandemic on COVID-19**

In assessing the recoverability of receivables including other receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**Note 47 :** The Company did not have any pending litigations as on March 31, 2020.

**Note 48 :** The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses

**Note 49 :** There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**Note 50 :** 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

**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

#### **Sandeep Agarwal**

Head - Accounts

#### **Krishi Jain**

Company Secretary

Place : Mumbai

Date: May 13, 2020

Place : Mumbai

Date: May 13, 2020