

ANNUAL REPORT 2021-22

L&T INVESTMENT MANAGEMENT LIMITED

Board's Report

Dear Members,

The Directors of your Company have the pleasure in presenting the Twenty Sixth Annual Report together with the audited financial statements for the financial year ("FY") ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for FY22 as compared to the previous FY i.e., FY21 is given below:

Particulars	(₹ in Crore)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross Income	393.10	347.88
Less: Gross Expenses	189.77	162.65
Profit before Tax	203.33	185.23
Tax Expenses	51.95	23.21
Profit after Tax	151.38	162.02
Other comprehensive income	(1.00)	1.60
Total comprehensive income	150.38	163.62
Profit b/f from previous year	161.09	95.43
Opening Impact of IND AS 116	-	-
Securities premium write off	-	-
Dividend payable	(251.82)	(97.96)
Dividend distributable tax payable	-	-
Surplus in other equity (excluding securities premium)	59.65	161.09
Amount proposed to be carried to reserves	-	-

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

Performance of business

The growth in S&P Sensex of 18% can be split into two halves; the first half from April to mid-October 2021, wherein we saw the Sensex reaching its highest level, nearly touching 62,000 from 50,000 (at the beginning of the financial year). However, post mid-October there has been high volatility with the Sensex plunging close

to 53,000 from its high and then again recovering to 58,700 levels, mainly on account of the rally in the last 3 weeks of March 2022.

The global events including the war between Russia and Ukraine caused major upheaval in both the fixed income and equity markets. This resulted in increase in oil prices fuelling inflation thereby becoming a cause of worry for most central banks, signalling a hardening of rates across the world.

The foreign investors were seen exiting India in large numbers in the latter part of the year, pulling out ₹ 1.44 trillion from domestic stocks in FY 2022. This outflow was compensated by Domestic Institutional Investors (DIIs) buying in significant numbers. Of the DIIs inflows, a large part was contributed by the SIP book.

Moreover, the Company focused on enhancing its digital assets and used social media to promote awareness about mutual funds as well as its products. The launch of the Mobile App during the last part of FY 2021 which became fully operational in FY 2022 concentrated on onboarding new investors. The Company also undertook the task of beefing up the equity and fund management teams by hiring senior resources during FY 2022.

Given the volatility of the markets, your Company's primary goal was to arrest redemption. The overall AUM was impacted because of the fall in equity in the second half of the year. However, your Company did reasonably well on the fixed income side resulting in ending the year just shy of ₹ 75,000 Crore of AUM. The focus on high-quality products led to significant growth in debt AUM (excluding liquid / overnight). The proportion of equity schemes to total AUM now stands at 59%.

Average Assets Under Management ("AAUM") of Indian Mutual Fund Industry for the year ended March 31, 2022 stood at ₹ 38,56,140 Cr.

The AAUM of the L&T Mutual Fund ("the Fund") for the year ended March 31, 2022 stood at ₹ 77,236.56 Cr as compared to ₹ 72,727.95 Cr for the year ended March 31, 2021, a growth of around 7%, while Assets under Management ("AUM") of the Fund for the year ended March 31, 2022 stood at ₹ 74,980.99 Cr as compared to ₹ 72,873.58 Cr for the year ended March 31, 2021, a growth of 3%.

AAUM of the Company for the year ended March 31, 2022 stood at ₹ 65,792.66 Cr while the AUM stood at ₹ 72,873.58 Cr.

Our equity business has grown from ₹ 40,374.35 Cr in March 2021 to ₹ 44,609.50 Cr in March 2022, a gain

of around 10%. However, the Company's assets in fixed income witnessed a degrowth of 7%, from ₹ 32,499.23 Cr in March 2021 to ₹ 30,371.49 Cr in March 2022.

Your Company reported a business profit of ₹ 231 Cr during FY22 before amortization of intangible assets and taxes in comparison to FY21 wherein the reported profit was ₹ 211 Cr.

The Board at its Meeting held on December 23, 2021 has approved the proposal for change in controlling interest of the Company pursuant to sale of 100% of the paid-up share capital of the Company to HSBC Asset Management (India) Private Limited.

Financial performance of the Company

The gross income of the Company (in the form of management fees) for FY22 was ₹ 359.04 Cr as against ₹ 311.29 Cr for previous FY registering an increase of 15%.

The net worth of the Company has decreased from ₹ 643.01 Cr as at March 31, 2021 to ₹ 541.57 Cr as at March 31, 2022 mainly on account of declaration of dividend in current FY.

The profit from continuing operations including extraordinary and exceptional items was ₹ 151.38 Cr for FY 2022 as against profit of ₹ 162.02 Cr for previous FY. The reduction in profit is mainly due to an increase in the tax expense of ₹ 51.95 Cr for FY 2022 as against ₹ 23.21 Cr for FY 2021. This decrease is partially offset by increase in the management fees due to increase in AAUM of the Fund.

MATERIAL CHANGES AND COMMITMENTS

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

DIVIDEND

During the year under review, the Company had declared an interim dividend @ ₹ 10.00 per equity share on 25,18,24,329 equity shares, aggregating to a total of ₹ 251.82 Cr.

No final dividend has been recommended for the year ended March 31, 2022 to conserve the capital in business.

SHARE CAPITAL

During the year under review, the Company did not issue any further capital.

As on March 31, 2022, the authorized share capital of the Company was ₹ 14,54,25,79,200 (Rupees One Thousand Four Hundred Fifty Four Crore Twenty Five Lakh Seventy Nine Thousand and Two Hundred only), divided into 55,12,57,920 equity shares of ₹ 10 each, 33,00,000 compulsory convertible preference shares of ₹ 100 each, 2,20,00,000 redeemable non-convertible preference shares of ₹ 100 each and 65,00,00,000 preference shares of ₹ 10 each.

As on March 31, 2022, the paid-up capital of the Company was ₹ 251,82,43,290 (Rupees Two Hundred Fifty One Crore Eighty Two Lakh Forty Three Thousand and Two Hundred and Ninety only), divided into 25,18,24,329 equity shares of ₹ 10 each.

The Board at its Meeting held on January 12, 2022 has approved the reduction of 3,12,00,000 equity shares of ₹ 10 each fully paid-up, out of the existing paid-up equity share capital of ₹ 251,82,43,290, divided into 25,18,24,329 equity shares of ₹ 10 each fully paid up. The reduction shall be effected by returning an aggregate amount of ₹ 390,00,00,000 to the Members concerned, with effect from such date as may be ordered by the National Company Law Tribunal or as prescribed under law. The Company has filed the application with National Company Law Tribunal on January 14, 2022 and the same is under process.

FIXED DEPOSITS

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

DIRECTORS

The composition of the Board is in accordance with the provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("SEBI MF Regulations").

As on March 31, 2022, the Board comprises the following Directors:

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

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

Section 152 of the Act provides that unless the Articles of

Association provide for the retirement of all the Directors at every Annual General Meeting (“AGM”), not less than two-third of the total number of Directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of Directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Mr. Dinanath Dubhashi, Director of the Company will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

KEY MANAGERIAL PERSONNEL (“KMPs”)

During the year under review, Mr. Manish Jethwa resigned as Head-Accounts (discharging functions of the Chief Financial Officer) and Mr. Sagar Panchal was appointed as Head-Accounts (discharging functions of the Chief Financial Officer) with effect from October 18, 2021 and he resigned as Head – Accounts with effect from April 25, 2022.

Further, Mr. Rahul Mehta was appointed as Head – Accounts to discharge the functions of Chief Financial Officer and was designated as KMP with effect from April 27, 2022.

During the year under review, Ms. Krishi Jain resigned from the position of the Company Secretary of the Company with effect from March 21, 2022 and consequently, Ms. Palak Jain was appointed as the Company Secretary of the Company and was designated as KMP under the Act with effect from April 27, 2022.

As on date of this report, the Company has the following KMPs:

- Kailash Kulkarni - Chief Executive Officer
- Rahul Mehta - Head-Accounts (discharging functions of Chief Financial Officer)
- Palak Jain - Company Secretary

PERFORMANCE EVALUATION

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

Manner of Evaluation

The Board has laid down the manner in which formal annual evaluation of the performance of the Board, its Committees, if any and individual Directors has to be made. It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, if any, and Independent Directors / Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises the following:

a. Board and Committee Evaluation:

Evaluation of Board as a whole and the Committee is done by the individual Directors / members followed by collation and submission of feedback to the Board.

b. Independent / Non-Executive Directors’ Evaluation:

Evaluation done by Board members excluding the Director being evaluated is received and individual feedback is provided to each Director as per the policy for performance evaluation of the Board / its committees / Directors and as per the process approved by the Board.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 (2) of the Act and the rules made thereunder, the Members at their Twenty Fifth AGM held on June 30, 2021, had appointed M/s B. K. Khare & Co., Chartered Accountants (ICAI Registration No. 105102W) as the Statutory Auditors of the Company for a term of five years, i.e., from the conclusion of the Twenty Fifth AGM till the conclusion of the Thirtieth AGM.

AUDITORS’ REPORT

The Auditors’ Report to the Members for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Alwyn Jay & Co., Company Secretaries (Membership No.: F7301; Certificate of Practice No.: 7991) to undertake the Secretarial Audit of the Company for FY22.

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

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

PARTICULARS OF EMPLOYEES

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

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

There were no foreign exchange earnings during the year (previous year also Nil); while the expenditure in foreign currency by the Company during the year was ₹ 0.76 Cr (previous year ₹ 0.34 Cr) towards Legal and professional charges, Filing fees, Repairs and maintenance.

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for that period;
- 3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) the Directors have prepared the annual accounts on a going concern basis;
- 5) the Directors have devised proper systems to ensure compliance with the provisions of all applicable

laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

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

The IA function of L&T Financial Services ("LTFS") monitors and evaluates the efficacy and adequacy of the internal control system in the Company to ensure that financial reports are reliable, operations are effective and efficient and activities comply with applicable laws and regulations. Based on the report of the IA function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board of the Company from time to time.

BOARD MEETINGS

The agenda for the Meetings was circulated to the Directors well in advance. Further, the Minutes of the Meetings of the Board of Directors were also circulated for the perusal of the Members of the Board within the prescribed timelines.

During the year under review, 6 (six) meetings of the Board of Directors were held on April 27, 2021, July 02, 2021, July 14, 2021, October 18, 2021, December 23, 2021 and January 12, 2022. All the Meetings during the year under review were held through electronic mode.

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

Name of the Director	DIN	Nature of Directorship	No. of Board Meetings held during the year	No. of Board Meetings attended
Dinanath Dubhashi	03545900	NED	6	6
R. Shankar Raman	00019798	NED	6	6
M. V. Nair	02284165	ID	6	5
Anisha Motwani	06943493	ID	6	6

ID - Independent Director

NED - Non-Executive Director

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Companies Act, 2013 (“Act”) the Company has constituted a Corporate Social Responsibility Committee (“CSR Committee”) (renamed as CSR and ESG Committee with effect from January 21, 2022).

The Company has also formulated a policy with respect to its activities under CSR (“CSR Policy”) in accordance with the requirements of the Act containing details specified therein which is available on the website of the Company at <https://www.ltf.com/csr.html>

The Company aims to promote inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The CSR closely align with the Sustainable Development Goals (SDGs), particularly, ‘No Poverty’ (SDG 1), ‘Gender Equality’ (SDG 5), ‘Sustainable Cities and Communities’ (SDG 11), ‘Climate Action’ (SDG 13) and ‘Partnership for the Goals’ (SDG 17). The CSR interventions follow a project-based accountability approach, emphasizing on the principles of ‘Social impact’, ‘Scale’ and ‘Sustainability’ to create shared value for all stakeholders. The key projects in focused areas of interventions, include Digital Financial Inclusion, Disaster Management and other initiatives.

During the year under review, the CSR Policy has been updated as below:

- Revision in the thrust areas
- Changes aligned with the amendment to the Act

An annual report on activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure C** to this Report.

Composition:

The CSR and ESG Committee as on March 31, 2022 comprises the following:

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

Meetings and Attendance:

The CSR and ESG Committee met once during the year

on April 27, 2021. The details of attendance of Members at the meeting are as follows:

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

VIGIL MECHANISM FRAMEWORK

The Company has adopted a Vigil Mechanism Framework, under which the Whistle Blower Investigation Committee (“the Committee”) has been set up. The objective of the Framework is to establish a redressal forum, which addresses all concerns raised on questionable practices and through which the directors, employees and service providers can raise actual or suspected violations.

The Head- Internal Auditor of LTF acts as an Ombudsman. The role of Ombudsman is to review the grievance at the initial stage and in case the grievance is material, the same is investigated through appropriate delegation. After investigation, the complaint with investigation report is forwarded to the Board / Audit committee / Managing Director / Whole-time Director / Whistle Blower Investigation Committee as the case may be. At the Board meeting, a brief update is presented to the members for their review. The Committee takes necessary actions of maintaining confidentiality within the organization on matters brought to its attention.

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

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

Details of loans given, investments made, guarantees given and security provided, if any, are covered under the provisions of Section 186 of the Act and are given in the Notes to the Financial Statements as applicable.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved a policy on transactions with related parties (“RPT Policy”). The RPT Policy is also available on the website of the Company at <https://www.ltf.com>. The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties (“RPTs”) are referred to the Board of the Company for approval, irrespective of its materiality. The process of approval of RPTs by the Shareholders is as under:

All Material RPTs require prior approval of the shareholders, based on recommendation of the Board, through an ordinary resolution passed at the general meeting. Where any contract or arrangement is entered into by a Director or any other employee without obtaining the consent of the Board or approval by an ordinary resolution in the general meeting, it is to be ratified by the Board or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into.

TRANSACTIONS WITH RELATED PARTIES

All RPTs that were entered into during FY22 were on an arm’s length basis and in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or Body Corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC - 2 is not applicable. The Directors draw attention to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

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

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

The Company has in place a policy for prevention, prohibition and redressal of sexual harassment at workplace. Further, the Company has constituted an Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, where employees can register their complaints against sexual harassment.

Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

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

ANNUAL RETURN AS PRESCRIBED UNDER THE ACT

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the regulators / Courts which would impact the going concern status of the Company and its future operations.

Further, no penalties have been levied by SEBI / any other regulators during the year under review.

OTHER DISCLOSURES

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

ACKNOWLEDGEMENT

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

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

Dinanath Dubhashi
Director
DIN: 03545900

M. V. Nair
Director
DIN: 02284165

Place : Mumbai

Date : April 27, 2022

ANNUAL REPORT 2021-22 - ANNEXURE A TO BOARD'S REPORT
FORM NO. MR.3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,
The Members,

L&T INVESTMENT MANAGEMENT LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Investment Management Limited** (CIN: U65991MH1996PLC229572) (hereinafter called "the Company").

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

Based on our verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2022** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2022** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **as amended from time to time**: -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – **Not Applicable to the Company**;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not Applicable to the Company**;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 – **Not Applicable to the Company**;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company**;
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company**;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company**;
 - (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021– **Not Applicable to the Company**;
 - (i) The SEBI (Mutual Funds) Regulations, 1996;
 - (j) The SEBI (Portfolio Managers) Regulations, 2020;

- (k) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
- (vi) Other specific business / industry related laws applicable to the Company:

The Company has complied with the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - **Not Applicable to the Company.**

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors as per SEBI (Mutual Funds) Regulations, 1996. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board / Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting. However, due to Covid-19 Pandemic restrictions, the minutes of the Board Meetings and Committee Meetings were physically signed at a later date.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events/actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

1. Approval of the Board of Directors of the Company was obtained at its meeting held on July 14, 2021 for making an investment in the equity shares of AMC Repo Clearing Limited, a company set up for the purpose of clearing and settling repo transactions in corporate debt securities up to ₹ 3,38,13,960.
2. Approval of the Board of Directors of the Company was obtained at its meeting held on December 23, 2021 for sale of 100% of the paid-up share capital of the Company, the asset manager of L&T Mutual Fund, to HSBC Asset Management (India) Private Limited, asset manager of HSBC Mutual Fund.
3. Subject to sanction of Hon'ble National Company Law Tribunal, Mumbai Bench, approval of the Shareholders of the Company was obtained at its meeting held on January 14, 2022 for reduction of 3,12,00,000 equity shares of ₹ 10 each fully paid-up, out of the existing paid-up equity share capital of ₹ 251,82,43,290 divided into 25,18,24,329 equity shares of ₹ 10 each fully paid up.

ALWYN JAY & Co.

Company Secretaries

Vijay Sonone FCS.7301

(Partner)

[Certificate of Practice No.7991]

UDIN : F007301D000216686

Place : Mumbai

Date : April 27, 2022

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

ANNEXURE "I"

To

The Members,

L&T Investment Management Limited

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

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

ALWYN JAY & Co.

Company Secretaries

Vijay Sonone FCS.7301

(Partner)

[Certificate of Practice No.7991]

UDIN : F007301D000216686

Place : Mumbai

Date : April 27, 2022

ANNUAL REPORT 2021-22 - ANNEXURE 'C' TO BOARD'S REPORT
Annual Report on Corporate Social Responsibility ("CSR")
[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1) Brief outline on CSR policy of the Company

CSR Vision:

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

CSR Mission:

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

Commitment:

Our focus is on creating value for rural indigent communities, which desire a secure future. Our social responsibility theme and commitment is in line with the United Nation's global development agenda of Sustainable Development Goals (SDGs) particularly, 'No Poverty' (SDG 1), 'Gender Equality' (SDG 5), 'Sustainable Cities and Communities' (SDG 11), 'Climate Action' (SDG 13) and 'Partnership for the goals' (SDG 17).

Our key initiatives are woven around Sustainable Livelihoods of rural communities facilitated by focused areas of intervention – Digital Financial Inclusion, Disaster Management and Other Initiatives.

We implement the CSR programmes as a collaborative effort between various companies within L&T Financial Services, through partnership with organizations mandated under Rule (1) of the Companies (CSR Policy) Rules, 2014.

CSR Approach:

A project-based accountability approach is adopted, emphasizing on the three aspects of social impact, scale and sustainability. Baseline and end line assessments are carried out for each project with clearly defined measurable results.

Monitoring:

A three-tier structure exists with the CSR & ESG Committee formulating & recommending the annual action plan to the Board, in line with the CSR vision of the Company. The CSR team conducts periodic review of the programmes and documents the progress. The Board verifies that the CSR funds have been utilised for the projects as approved by it.

2) Composition of CSR and ESG Committee:

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

3) **Web-link where composition of CSR and ESG Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company:**

The composition of CSR and ESG Committee, CSR Policy and CSR projects approved by the Board can be accessed on the website at the following link - <https://www.ltf.com/csr.html>.

4) **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

Not applicable (N.A.)

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

Sr. No	Financial year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2021-22	Nil	Nil
	Total	Nil	Nil

6) **Average net profit of the Company as per Section 135(5): ₹ 1,57,88,00,000**

7) a) **Two percent of average net profit of the Company as per Section 135(5): ₹ 3,15,76,000**

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

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

d) **Total CSR obligation for the financial year (7a+7b7c): ₹ 3,15,76,000**

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

Total amount spent for the financial year (in ₹)	Amount unspent (in ₹)				
	Total amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 3,15,76,000	Nil	N.A.	N.A.	Nil	N.A.

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of implementation - Direct (Yes / No)	Mode of implementation - through implementing agency	
				State	District						Name	CSR registration number
1	Digital Sakhi Maharashtra (Phase II) (Promotion of digital financial literacy and entrepreneurship development, reaching out to 110 Digital Sakhis and 1000 Women Entrepreneurs)	iii) Promoting gender equality, empowering women; reducing inequalities faced by socially and economically backward groups x) Rural Development projects	No	Maharashtra	Osmanabad, Pune, Latur and Solapur	4 years	4,72,53,459	1,56,00,000	Nil	No	Action for Agricultural Renewal in Maharashtra	CSR0000092
2	Digital Sakhi Madhya Pradesh (Promotion of digital financial literacy and entrepreneurship development, reaching out to 100 Digital Sakhis and 1000 Women Entrepreneurs)	iii) Promoting gender equality, empowering women; reducing inequalities faced by socially and economically backward groups x) Rural Development projects	No	Madhya Pradesh	Barwani and Dhar	4 years	6,75,23,210	1,29,93,424	Nil	No	SEWA Bharat	CSR00001733
3	Digital Sakhi Tamil Nadu (Promotion of digital financial literacy and entrepreneurship development, reaching out to 100 Digital Sakhis and 500 Women Entrepreneurs)	iii) Promoting gender equality, empowering women; reducing inequalities faced by socially and economically backward groups x) Rural Development projects	No	Tamil Nadu	Villupuram	4 years	3,89,86,877	24,76,000	Nil	No	Sri Aurobindo Society	CSR00000200
TOTAL							15,37,63,546	3,10,69,424				

Note: The CSR projects are implemented as a collaborative effort between various companies within L&T Financial Services and the amount allocated for the project disclosed herein is the amount pertaining to all companies within L&T Financial Services

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes / No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR registration number
1	Road safety – Mumbai Traffic Police Promotion of road safety among municipal school children and supporting the raining and deployment of community youth as traffic wardens	ii) Promoting Education	Yes	Maharashtra	Mumbai	5,06,576	No	Ballygunj society for Children in Pain (CHIP)	CSR00003066
TOTAL						5,06,576			

d) Amount spent in Administrative Overheads: Nil

e) Amount spent on Impact Assessment, if applicable: N.A.

f) Total amount spent for the financial year (8b+8c+8d+8e): ₹ 3,15,76,000

g) Excess amount for set-off, if any: Nil

Sr. No.	Particular	Amount (in ₹)
i.	Two percent of average net profit of the company as per Section 135(5)	₹ 3,15,76,000
ii.	Total amount spent for the Financial Year	₹ 3,15,76,000
iii.	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v.	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9) a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding financial year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)	Amount spent in the reporting financial year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1	FY19	Nil	Nil	N.A.	Nil	N.A.	Nil
2	FY20	Nil	Nil	N.A.	Nil	N.A.	Nil
3	FY21	Nil	Nil	N.A.	Nil	N.A.	Nil
TOTAL		Nil	Nil	-	Nil	-	Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting financial year (in ₹)	Cumulative amount spent at the end of reporting financial year (in ₹)	Status of the project - completed / ongoing
1	Digital Sakhi Maharashtra (Phase II)	Digital Sakhi Maharashtra (Phase II) (Promotion of digital financial literacy and entrepreneurship development, reaching out to 110 Digital Sakhis and 1000 Women Entrepreneurs)	FY 2018-19	4 years	4,72,53,459	1,56,00,000	4,72,53,459	Completed
2	Digital Sakhi Madhya Pradesh	Digital Sakhi Madhya Pradesh (Promotion of digital financial literacy and entrepreneurship development, reaching out to 100 Digital Sakhis and 1000 Women Entrepreneurs)	FY2018-19	4 years	6,75,23,210	1,29,93,424	6,70,16,634	Completed
3	Digital Sakhi Tamil Nadu	Digital Sakhi Tamil Nadu (Promotion of digital financial literacy and entrepreneurship development, reaching out to 100 Digital Sakhis and 500 Women Entrepreneurs)	FY2018-19	4 years	3,89,86,877	24,76,000	3,96,12,629	Completed
	TOTAL				15,37,63,546	3,10,69,424	15,38,82,722	

Note:

a) The CSR projects are implemented as a collaborative effort between various companies within L&T Financial Services and the amount allocated for the project and the cumulative spent disclosed herein is the amount pertaining to all companies within L&T Financial Services

b) For Digital Sakhi Madhya Pradesh, only the baseline assessment was conducted in FY2017-18

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

(1)	(2)	(3)	(4)	(5)
Project ID	Date of creation or acquisition of the capital asset(s)	Amount of CSR spent for creation or acquisition of capital asset (₹ in Cr)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
N.A.				

- 11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) – N.A.

M. V. Nair
 Chairperson
 CSR and ESG Committee
 DIN: 02284165

Dinanath Dubhashi
 Director
 DIN: 03545900

Place: Mumbai
Date: April 27, 2022

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 accompanying Financial Statements of L&T Investment Management Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 March 31, 2022, its profit and total comprehensive income, its 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 specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the 'Auditors' 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 ("the ICAI") together with the ethical 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and the related annexures, but does

not include the Financial Statements and our Auditors' 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 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, 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.

Responsibilities of management 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 including other 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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.

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

Auditors' 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 auditors' 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 control 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 the 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 auditors' 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 auditors' 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, makes 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in Annexure B, a 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, 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, the 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 Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements.
- (g) With respect to other matters to be included in 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.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of 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 32 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; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether,

directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- (v) The dividend declared and paid during the year by the Company is in compliance with Section 123 of the Act.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 22040852AHXPYT3637

Place: Mumbai
Date: April 27, 2022

Annexure 'A' to the Independent Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2022 in conjunction with our audit of the Ind AS 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. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of 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 Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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.

For **B. K. Khare & Co.**

Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi

Partner
Membership No. 040852
UDIN: 22040852AHXPYT3637

Place: Mumbai

Date: April 27, 2022

Annexure 'B' 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 on the financial statements of L&T Investment Management limited for the year ended March 31, 2022

Annexure to the Auditor's Report referred to in our report of even date:

- i. (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.\
- (a) (B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us, certain fixed assets have been physically verified by management, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property under Property Plant and Equipment. Hence, reporting under Clause 3(i)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) during the year.
- (e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) Company is into service industry and does not hold any inventory, hence, reporting under Clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any point of time during the year.
- iii. (a) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the reporting under Clauses 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act, with respect to loans granted, guarantees provided and investments made by the Company. The Company has not provided any security during the year to the parties covered under Sections 185 and 186 of the Act.
- v. According to the information and explanations given to us, the Company has not accepted deposits under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the reporting under Clause 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, the reporting under Clause 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, the amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

- According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no arrears of outstanding statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year 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, there are no statutory dues in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at 31 March 2022, which have not been deposited with the appropriate authorities on account of any dispute.
- viii. According to the information and explanations given to us, there are no transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961. Accordingly, the reporting under Clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) According to the information and explanations given to us, the Company has not been declared a willful defaulter by any bank or financial institution or any other lender till the date of our audit report.
- (c) The Company has not raised any term loans during the year. Hence, reporting under Clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been utilised for long- term purposes as at the Balance Sheet date.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under Clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting under Clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such

- case by the management.
- (b) There has been no report filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.
- xii. According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, the reporting under Clause 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the standalone (remove if there is no consolidation) financial statements as required by Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the reporting under Clause 3(xiii) of the Order is not applicable to the Company.
- xiv. (a) In our opinion and according to the information and explanations given to us and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence, the provisions of Section 192 of the Act are not applicable to the Company. Accordingly, the reporting under Clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under Clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities. Accordingly, the reporting under Clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) and 3(xvi)(d) of the Order is not applicable to the Company.
- Based on the information and explanations given to us, in our opinion, we report that the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) has two Core Investment Companies at Larsen & Toubro Limited.
- xvii. In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year. Accordingly, the reporting under Clause 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the reporting under Clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention,

which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us, in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in

Schedule VII to the Act in compliance with second proviso to sub-section (5) of Section 135 of the Act.

- xxi. According to the information and explanations given to us, company does not have any subsidiary company. Accordingly, the reporting Clause 3(xxii) of the Order is not applicable to the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Aniruddha Joshi
Partner
Membership No. 040852
UDIN: 22040852AHXPYT3637

Place: Mumbai
Date: April 27, 2022

L&T Investment Management Limited

Balance Sheet as at March 31, 2022

₹ in Crore

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
1 Financial assets			
(a) Cash and cash equivalents	2	3.32	1.33
(b) Receivables	3		
(i) Trade Receivables		18.98	16.83
(c) Investments	4	547.85	555.38
(d) Other Financial assets	5	3.53	9.51
2 Non-financial assets			
(a) Current tax assets (Net)	6	15.42	42.24
(b) Property, plant and equipment	7	0.43	0.66
(c) Other Intangible assets	7	33.78	82.10
(d) Right to use an asset	8	1.40	1.58
(e) Other non-financial assets	9	1.85	1.20
Total Assets		626.56	710.83
LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
(a) Payables	10		
(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		5.12	9.59
(b) Lease liability	11	1.63	1.75
(c) Other financial liabilities	12	39.13	29.48
2 Non-financial liabilities			
(a) Provisions	13	3.36	4.89
(b) Other non-financial liabilities	14	31.50	12.78
(c) Deferred tax liabilities (net)	15	4.25	9.33
3 EQUITY			
(a) Equity share capital	16	251.82	251.82
(b) Other equity	17	289.75	391.19
Total liabilities and equity		626.56	710.83
Significant Accounting Policies	1		
See accompanying notes to the financial statements	28-49		

As per our report attached

For B. K. Khare & Co.,
Chartered Accountants
Firm's registration no. 105102W
by the hand of

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

Aniruddha Joshi
Partner
Membership no. 040852

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Rahul Mehta
Head - Accounts (CFO)

Place : Mumbai
Date : April 27, 2022

Palak Jain
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2022

₹ in Crore

Particulars	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
(i) Interest Income	18	12.64	13.19
(ii) Fees and commission Income	19	359.04	311.29
(iii) Net gain on fair value changes	20	19.00	19.51
I Total Revenue from operations		390.68	343.99
II Other income	21	2.42	3.89
III Total income (I + II)		393.10	347.88
Expenses			
(i) Finance costs	22	0.38	0.49
(ii) Fees and commission expense	23	(0.59)	(1.35)
(iii) Employee Benefits Expenses	24	83.23	60.83
(iv) Depreciation, amortization and impairment	25	50.18	50.06
(v) Other expenses	26	56.57	52.62
IV Total expenses		189.77	162.65
V Profit before tax (VII-VIII)		203.33	185.23
VI Tax expenses	27		
Current tax		57.03	13.88
Deferred tax		(5.08)	9.33
Total tax expense (VI)		51.95	23.21
VII Profit after tax (V-VI)		151.38	162.02
VIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of defined benefit plans		(1.00)	1.60
Total other comprehensive income (VIII)		(1.00)	1.60
IX Total comprehensive income for the year (VII+VIII)		150.38	163.62
X Earnings per equity share	37		
Basic and Diluted (₹) (Face value of ₹ 10 per share)		6.01	6.43
Significant accounting policies	1		
See accompanying notes to the financial statements	28-49		

As per our report attached

For B. K. Khare & Co.,
Chartered Accountants
Firm's registration no. 105102W
by the hand of

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

Aniruddha Joshi
Partner
Membership no. 040852

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Rahul Mehta
Head - Accounts (CFO)

Place : Mumbai
Date : April 27, 2022

Palak Jain
Company Secretary

L&T Investment Management Limited

Statement of Changes in Equity for the year ended March 31, 2022

a. Equity share capital			₹ in Crore
Particulars	Number of Shares	Equity share capital	
Paid up Capital at April 1, 2020	251,824,329	251.82	
Changes in equity share capital during the year	–	–	
Due to prior period errors	–	–	
Restated the balance during the year	–	–	
Issue of equity shares	–	–	
Balance at March 31, 2021	251,824,329	252	
Paid up Capital at April 1, 2021	251,824,329	251.82	
Changes in equity share capital during the year	–	–	
Due to prior period errors	–	–	
Restated the balance during the year	–	–	
Issue of equity shares	–	–	
Balance at March 31, 2022	251,824,329	251.82	

b. Other Equity					₹ in Crore
Particulars	Reserve and surplus			Total	
	Securities premium reserve	Retained earnings	Other Comprehensive income		
Balance at April 1, 2020	230.11	98.22	(2.80)	325.53	
Profit for the year	–	162.02	–	162.02	
Dividend paid	–	(97.96)	–	(97.96)	
Other comprehensive income for the year	–	–	1.60	1.60	
Total comprehensive income for the year	–	64.06	1.60	65.66	
Balance at March 31, 2021	230.11	162.28	(1.20)	391.19	
Balance at April 1, 2021	230.11	162.28	(1.20)	391.19	
Profit for the year	–	151.38	–	151.38	
Dividend Paid	–	(251.82)	–	(251.82)	
Other comprehensive income for the year	–	–	(1.00)	(1.00)	
Total comprehensive income for the year	–	(100.44)	(1.00)	(101.44)	
Balance at March 31, 2022	230.11	61.84	(2.20)	289.75	

As per our report attached

For B. K. Khare & Co.,
Chartered Accountants
Firm's registration no. 105102W
by the hand of

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

Aniruddha Joshi
Partner
Membership no. 040852

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Rahul Mehta
Head - Accounts (CFO)

Place : Mumbai
Date : April 27, 2022

Palak Jain
Company Secretary

Statement of Cash Flows for the year ended March 31, 2022

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities		
Profit before tax	203.33	185.23
Adjustments for :		
Interest received on income tax	(2.42)	(3.72)
Depreciation, amortization and impairment	50.18	50.06
Net gain on fair value changes	(19.00)	(19.51)
Interest expense on leases	0.15	0.15
Profit on derecognised of lease	–	(0.17)
Interest income on loan	(12.64)	(13.19)
Provision for compensated absences and gratuity	1.57	0.48
Operating profit before working capital changes	221.17	199.33
<u>Changes in working capital:</u>		
<u>Adjustments for (increase) / decrease in operating assets–</u>		
Financial assets	5.98	(3.51)
Non financial assets	(0.65)	0.60
Trade receivables	(2.15)	(4.35)
<u>Adjustments for increase / (decrease) in operating liabilities–</u>		
Trade payable	(4.47)	0.33
Financial liabilities	9.65	4.61
Compensated absences and gratuity Paid	(4.11)	0.23
Non financial liabilities	18.72	9.25
Cash generated from operations	244.14	206.49
Net income tax (paid)/refund	(27.74)	24.48
Net cash from operating activities (A)	216.40	230.97

L&T Investment Management Limited

Statement of Cash Flows for the year ended March 31, 2022

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
B. Cash flow from investing activities		
Purchases of fixed assets	(1.05)	(2.22)
Inter-corporate deposits given	(451.29)	(643.46)
Inter-corporate deposits received back	451.29	946.26
Purchase of investment	–	(445.74)
Proceeds from sale of investment	29.92	–
Purchase of non-current investments in shares	(3.38)	–
Interest received	12.64	13.31
Net cash used in investing activities (B)	38.13	(131.85)
C. Cash flow from financing activities		
Principal portion of lease liability	(0.57)	(0.52)
Dividend paid	(251.82)	(97.96)
Interest portion of lease liability	(0.15)	(0.15)
Net cash used in financing activities (C)	(252.54)	(98.63)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1.99	0.49
Opening cash and cash equivalent for the year	1.33	0.84
Closing cash and cash equivalent for the year	3.32	1.33

Notes:

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

As per our report attached

For B. K. Khare & Co.,
Chartered Accountants
Firm's registration no. 105102W
by the hand of

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

Aniruddha Joshi
Partner
Membership no. 040852

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Rahul Mehta
Head - Accounts (CFO)

Place : Mumbai
Date : April 27, 2022

Palak Jain
Company Secretary

Notes forming part of the financial statements for the year ended March 31, 2022

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, 2022 is L&T Finance Holdings Limited.

Note 1 : Summary of Significant Accounting Policies:

(a) Statement of compliance:

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act, as amended from time to time. The financial statements were approved for issue by the Company's Board of Directors on April 27, 2022.

(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 Cr 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

Notes forming part of the financial statements for the year ended March 31, 2022

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.

(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.

Notes forming part of the financial statements for the year ended March 31, 2022

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 is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss (other than impairment loss allocated to goodwill) is recognised immediately in the Statement of Profit and Loss.

Notes forming part of the financial statements for the year ended March 31, 2022

(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

Notes forming part of the financial statements for the year ended March 31, 2022

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) 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

Notes forming part of the financial statements for the year ended March 31, 2022

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.

Notes forming part of the financial statements for the year ended March 31, 2022

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

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

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

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

(o) Provisions, Contingent Liabilities & 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

Notes forming part of the financial statements for the year ended March 31, 2022

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.

Notes forming part of the financial statements for the year ended March 31, 2022

2 Cash and cash equivalents ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks	0.75	1.33
Bank deposit with maturity less than three months	2.57	–
Total	3.32	1.33

3 Receivables ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables		
Receivables considered good - Unsecured	18.98	16.83
Total	18.98	16.83

₹ in Crore

Particulars	As at March 31, 2022						Total
	Not due	Outstanding for following periods from the due date of payment					
		Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed							
- Considered good	–	18.98	–	–	–	–	18.98
- Increase in credit risk	–	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–	–
Disputed							
- Considered good	–	–	–	–	–	–	–
- Increase in credit risk	–	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–	–
Gross trade receivables	–	18.98	–	–	–	–	18.98
Less : Allowance for Doubtful debts	–	–	–	–	–	–	–
Total trade receivables (net of allowance for doubtful debts)	–	18.98	–	–	–	–	18.98

Particulars	As at March 31, 2021						Total
	Not due	Outstanding for following periods from the due date of payment					
		Less than 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed							
- Considered good	–	16.83	–	–	–	–	16.83
- Increase in credit risk	–	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–	–
Disputed							
- Considered good	–	–	–	–	–	–	–
- Increase in credit risk	–	–	–	–	–	–	–
- Credit impaired	–	–	–	–	–	–	–
Gross trade receivables	–	16.83	–	–	–	–	16.83
Less : Allowance for Doubtful debts	–	–	–	–	–	–	–
Total trade receivables (net of allowance for doubtful debts)	–	16.83	–	–	–	–	16.83

Notes forming part of the financial statements for the year ended March 31, 2022

4 Investments

₹ in Crore

Particulars	Face Value	As at March 31, 2022		As at March 31, 2021	
		Quantity	Net carrying value	Quantity	Net carrying value
Mutual Fund - At fair value through profit and loss					
L&T Liquid Fund DP - G	1000	1,330,501	387.84	476,786	134.40
L&T Money Market Fund DP - G	10	20,736,473	46.12	20,736,473	44.50
L&T Low Duration Fund	1000	32,279,499	77.02	-	-
L&T Overnight fund	1000	26,533	4.40	11,584	1.86
ABSL Liquid Fund - Growth - Direct	100	-	-	9,104,114	301.83
SBI Liquid Fund - Direct - G	100	-	-	147,371	47.48
Total (A)			515.38		530.07
Equity - At amortised cost					
MF Utilities India Private limited	1	500,000	0.05	500,000	0.05
AMC Repo Clearing Limited	10	3,381,396	3.38	-	-
Total (B)			3.43		0.05
Mutual Fund - At fair value through profit and loss					
L&T Arbitrage Opportunity Fund	10	500,000	0.81	500,000	0.78
L&T Business Cycle Fund	10	500,000	1.21	500,000	1.00
L&T Resurgent India Corporate Bond Fund	10	500,000	0.88	500,000	0.83
L&T Liquid Fund DP - G	1000	2,585	0.75	2,585	0.73
L&T Overnight fund-DP-G	1000	4,375	0.73	4,375	0.70
L&T Equity Fund - DP - G	10	79,561	1.00	79,561	0.84
L&T Balanced Advantage fund-DP-G	10	235,213	0.80	235,213	0.74
L&T India Large Cap Fund - DP - G	10	243,072	1.05	243,072	0.89
L&T Hybrid Equity Fund - DP - G	10	255,493	1.03	255,493	0.89
L&T Large and Midcap Fund - DP - G	10	140,359	1.06	140,359	0.86
L&T India Value Fund - DP - G	10	383,794	2.39	383,794	1.88
L&T Infrastructure Fund - DP - G	10	694,601	1.78	694,601	1.36
L&T Midcap Fund - DP - G	10	58,207	1.29	58,207	1.10
L&T Tax Advantage Fund - DP - G	10	132,721	1.12	132,721	0.94
L&T Flexi Bond Fund - DP - G	10	331,794	0.84	331,794	0.81
L&T Money market Fund - DP - G	10	365,789	0.81	365,789	0.78
L&T Gilt Fund - DP - G	10	142,010	0.85	142,010	0.83
L&T Credit Risk Fund - DP - G	10	317,088	0.79	317,088	0.74
L&T Banking and PSU Debt Fund - DP - G	10	344,758	0.72	344,758	0.69
L&T Equity Savings Fund - DP - G	10	276,932	0.69	276,932	0.61

Notes forming part of the financial statements for the year ended March 31, 2022

₹ in Crore

Particulars	Face Value	As at March 31, 2022		As at March 31, 2021	
		Quantity	Net carrying value	Quantity	Net carrying value
L&T Conservative Hybrid Fund - DP - G	10	178,522	0.83	178,522	0.76
L&T Low Duration Fund - DP - G	10	340,894	0.81	340,894	0.78
L&T Short Term Bond Fund - DP - G	10	367,947	0.83	367,947	0.80
L&T Triple Ace Bond Fund - DP - G	10	135,208	0.85	135,208	0.81
L&T Ultra Short Term Fund - DP - G	10	217,696	0.79	217,696	0.76
L&T Emerging Business Fund - DP - G	10	332,358	1.61	332,358	1.07
L&T Focused Equity Fund DG	10	500,000	0.81	500,000	0.72
L&T Nifty 50 Index Fund	10	500,000	0.99	500,000	0.82
L&T Nifty Next 50 Index Fund	10	500,000	0.90	500,000	0.74
Total (C)			29.04		25.26
Grand Total (A+B+C)			547.85		555.38

5 Other financial assets

₹ in Crore

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Deposit paid	3.26	2.97
Other receivables	0.06	0.84
Receivable from related parties	0.21	5.70
Total	3.53	9.51

6 Current tax assets (Net)

₹ in Crore

Particulars	As at	As at
	March 31, 2022	March 31, 2021
Advance income tax (Including tax deducted at source)	15.42	42.24
Total	15.42	42.24

Notes forming part of the financial statements for the year ended March 31, 2022

8 Right to use an asset ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
A. Gross carrying amount		
Opening gross carrying amount	3.71	4.10
Add: additions during the year	0.32	0.95
Less : deductions during the year	0.02	1.34
Closing gross carrying amount (A)	4.01	3.71
B. Accumulated depreciation		
Opening accumulated depreciation	2.13	1.55
Add: Depreciation	0.48	0.58
Less : deductions during the year	–	–
Closing accumulated depreciation (B)	2.61	2.13
Net carrying amount (A) - (B)	1.40	1.58

9 Other non-financial assets ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	1.78	0.87
Advances to suppliers	0.05	0.27
Advances to employees	0.02	0.06
Total	1.85	1.20

10 Payables ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Micro enterprises and small enterprises (refer note 36)	–	–
Trade payables	4.16	8.51
Due to related parties (refer note 42)	0.96	1.08
Total	5.12	9.59

Notes forming part of the financial statements for the year ended March 31, 2022

₹ in Crore

Particulars	Unbilled dues	Bill Raised but not due	As at March 31, 2022				Total
			Outstanding for following periods from the due date of payment				
			Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed							
- MSME	-	-	-	-	-	-	-
- Others	3.62	-	1.50	-	-	-	5.12
Disputed							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
Total trade payable	3.62	-	1.50	-	-	-	5.12

₹ in Crore

Particulars	Unbilled dues	Bill Raised but not due	As at March 31, 2021				Total
			Outstanding for following periods from the due date of payment				
			Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Undisputed							
- MSME	-	-	-	-	-	-	-
- Others	6.12	-	3.47	-	-	-	9.59
Disputed							
- MSME	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-
Total trade payable	6.12	-	3.47	-	-	-	9.59

11 Lease liability

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Lease Liability	1.63	1.75
Total	1.63	1.75

12 Other financial liabilities

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Employee benefits payable	39.13	29.48
Total	39.13	29.48

Notes forming part of the financial statements for the year ended March 31, 2022

13 Provisions ₹ in Crore

Particulars	As at	
	March 31, 2022	March 31, 2021
Provision for employee benefits		
Compensated absences	1.60	1.37
Gratuity	1.76	3.52
Total	3.36	4.89

14 Other non-financial liabilities ₹ in Crore

Particulars	As at	
	March 31, 2022	March 31, 2021
Statutory liabilities	31.50	12.78
Total	31.50	12.78

15 Deferred tax liabilities (net) ₹ in Crore

Particulars	As at	
	March 31, 2022	March 31, 2021
Statutory liabilities	4.25	9.33
Total	4.25	9.33

16 Equity share capital

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	₹ in Crore	No. of Shares	₹ in Crore
Authorised				
Equity shares of ₹ 10 each with voting rights	551,257,920	551.26	551,257,920	551.26
Compulsory convertible preference shares of ₹ 100 each	3,300,000	33.00	3,300,000	33.00
Non-convertible preference shares of ₹ 100 each	22,000,000	220.00	22,000,000	220.00
Non-convertible preference shares of ₹ 10 each	650,000,000	650.00	650,000,000	650.00
	1,226,557,920	1,454.26	1,226,557,920	1,454.26
Issued				
Equity shares of ₹ 10 each fully paid	251,824,329	251.82	251,824,329	251.82
	251,824,329	251.82	251,824,329	251.82
Subscribed and Paid up				
Equity shares of ₹ 10 each fully paid	251,824,329	251.82	251,824,329	251.82
	251,824,329	251.82	251,824,329	251.82

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

Notes forming part of the financial statements for the year ended March 31, 2022

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	251,824,329	251.82	251,824,329	251.82

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	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 March 31, 2021) are held by the holding company, including 7 equity shares (7 as at March 31, 2021) 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, 2022		As at March 31, 2021	
	No. of Shares	% holding	No. of Shares	% holding
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 March 31, 2021) are held by the holding company, including 7 equity shares (7 as at March 31, 2021) held by nominees of the holding company where the beneficial ownership is with the holding company.

(e) Shares held by Promoters :

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% holding	No. of Shares	% holding
L&T Finance Holdings Limited (including its nominee) (Equity Shares of ₹10/- each fully paid)	251,824,329	251.82	251,824,329	251.82

(f) 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.

(g) During the year ended March 31, 2022, the Company has paid the interim dividend of ₹ 10 (Previous year ₹ 3.89) per equity share amounting to ₹ 251.82 Cr (Previous year ₹ 97.96 Cr).

(h) There are no shares allotted for consideration other than cash during 5 years immediately preceding March 31, 2022.

(i) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding March 31, 2022.

(j) There are no shares bought back during 5 years immediately preceding March 31, 2022.

Notes forming part of the financial statements for the year ended March 31, 2022

17 Other Equity

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Retained earnings	61.84	162.28
Securities premium	230.11	230.11
Other comprehensive income	(2.20)	(1.20)
Total	289.75	391.19

17.1 Retained earnings

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of year	162.28	98.22
Profit for the year	151.38	162.02
Dividend paid	(251.82)	(97.96)
Balance at end of year	61.84	162.28

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

17.2 Securities premium

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of year	230.11	230.11
Deletion during the year	–	–
Balance at end of year	230.11	230.11

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

17.3 Other comprehensive income

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at beginning of year	(1.20)	(2.80)
Remeasurement of defined benefit plans	(1.00)	1.60
Balance at end of year	(2.20)	(1.20)

18 Interest income

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
On financial assets measured at amortised cost :		
Interest on loans	12.53	13.19
Interest on fixed deposits	0.11	–
Total	12.64	13.19

Notes forming part of the financial statements for the year ended March 31, 2022

19 Fees and commission income

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Management fees	359.04	311.29
Total	359.04	311.29

20 Net gain on fair value changes

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) Net gain on financial instruments at fair value through profit or loss:		
(i) On trading portfolio		
- Investments	15.22	13.05
	15.22	13.05
(ii) On non-trading portfolio		
- Investments	3.78	6.46
	3.78	6.46
Total (A) = (i + ii)	19.00	19.51
(B) Fair value changes:		
-Realised	5.50	15.93
-Unrealised	13.50	3.58
Total (B)	19.00	19.51

21 Other income

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest on FD	–	–
Interest received on income tax refund	2.42	3.72
Profit on derecognised of lease	–	0.17
Total	2.42	3.89

Notes forming part of the financial statements for the year ended March 31, 2022

22 Finance costs

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest cost - gratuity	0.18	0.23
Interest cost - leases	0.15	0.15
Interest cost - compensated absences	0.05	0.11
Total	0.38	0.49

23 Fees and commission expense

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Mutual fund scheme and distribution expenses	(0.59)	(1.35)
Total	(0.59)	(1.35)

24 Employee Benefits Expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	69.76	47.61
Contribution to provident and other funds	3.03	2.45
Gratuity	0.76	0.74
Employee stock option plan	6.31	8.93
Staff welfare expenses	3.37	1.10
Total	83.23	60.83

25 Depreciation, amortization and impairment

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment (Refer note : 7)	0.20	0.20
Depreciation - Right of use asset (Refer note : 8)	0.48	0.58
Amortization - Asset management rights and softwares Refer note : 7)	49.50	49.28
Total	50.18	50.06

Notes forming part of the financial statements for the year ended March 31, 2022

26 Other Expenses

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent	8.89	8.25
Rates and taxes	0.31	0.44
Repairs and maintenance	6.89	7.38
Communication expenses	0.39	0.77
Printing and stationery	0.02	(0.23)
Advertisement and publicity	6.75	7.17
Director's fees, allowances and expenses	0.16	0.03
Auditor's remuneration		
Audit fees	0.18	0.18
Limited review fees	0.09	0.09
Certification fees	0.02	0.02
Tax audit fees	0.03	0.03
Legal and professional charges	5.76	5.53
Insurance	0.09	0.11
Electricity charges	0.05	0.02
Filing fees	0.81	0.75
Outsource service charges	4.96	3.95
Membership and subscription	1.34	0.43
Management fees	14.24	13.15
Travelling and conveyance	0.56	0.35
Corporate social responsibility expenses	3.16	2.04
Brand license fee	0.94	1.07
Stamping charges	0.13	0.26
Miscellaneous expenses	0.80	0.83
Total	56.57	52.62

Notes forming part of the financial statements for the year ended March 31, 2022

27 Tax expense

₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	57.03	13.88
Deferred tax	(5.08)	9.33
Total	51.95	23.21

28 Fair value measurements

₹ in Crore

Financial instruments by category

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	–	–	3.43	–	–	0.05
- Mutual funds	544.42	–	–	555.33	–	–
Trade receivables	–	–	18.98	–	–	16.83
Cash and cash equivalents	–	–	3.32	–	–	1.33
Other financial assets	–	–	3.53	–	–	9.51
Total financial assets	544.42	–	29.26	555.33	–	27.72
Financial liabilities						
Trade payables						
(i) total outstanding dues of creditors to micro enterprises and small enterprises	–	–	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	–	–	5.12	–	–	9.59
Lease liability	–	–	1.63	–	–	1.75
Other financial liabilities	–	–	39.13	–	–	29.48
Total financial liabilities	–	–	45.88	–	–	40.82

Notes forming part of the financial statements for the year ended March 31, 2022

Items of Income, expense, gains or losses

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Net gain/ (losses) on financial assets and financial liabilities						
Net gain on fair value changes	19.00	–	–	19.51	–	–
Interest income	–	–	12.64	–	–	13.19
Interest expenses	–	–	0.15	–	–	0.15

(i) Fair value hierarchy

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

₹ in Crore

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at March 31, 2022					
Financial assets					
Financial Investments at FVTPL					
Mutual funds	4	544.42	–	–	544.42
Total financial assets		544.42	–	–	544.42

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at March 31, 2021					
Financial assets					
Financial Investments at FVTPL					
Mutual funds	4	555.33	–	–	555.33
Total financial assets		555.33	–	–	555.33

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

Notes forming part of the financial statements for the year ended March 31, 2022

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.

29 Financial risk management

₹ in Crore

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,

Notes forming part of the financial statements for the year ended March 31, 2022

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.

₹ in Crore

Contractual maturities of financial liabilities 31 March 2021	Less than one year	
	As at March 31, 2022	As at March 31, 2021
Non-derivatives		
Trade payables		
(i) total outstanding dues of creditors to micro enterprises and small enterprises	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5.12	9.59
Lease liability	0.47	0.37
Other financial liabilities	39.13	29.48
Total non-derivative liabilities	44.72	39.44

(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.

30 Capital management

The Company's objectives when managing capital are to

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

Notes forming part of the financial statements for the year ended March 31, 2022

31 Disclosure pertaining to Corporate Social Responsibility (CSR) related activities: ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
a) Amount required to be spent during the year :	3.16	2.04
b) Amount spent during the year (in cash) on :		
i) Construction/acquisition of any asset	–	–
ii) for the purposes other than (i) above	3.16	2.04

32 Contingent liabilities and capital commitments ₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Contingent Liabilities:		
a) Claim against the Company not acknowledged as debt: Sales tax/ VAT / Service Tax matter in dispute*	4.22	–
Commitments (to the extent not provided for)		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	0.45	0.92

* 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.

33 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.

34 Foreign currency expenditure ₹ in Crore

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Legal and professional charges	0.10	0.09
Filing fees	0.09	–
Repairs and maintenance	0.57	0.25
Total	0.76	0.34

Notes forming part of the financial statements for the year ended March 31, 2022

35 Employee stock options plan

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

₹ in Crore

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)	(F) = (B-C)
March 31, 2022	65.38	58.25	6.31	7.13
March 31, 2021	56.16	51.95	8.93	4.21

36 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.

37 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, 2022	For year ended March 31, 2021
Profit available to equity shareholders (A)			
Profit after tax	₹ in Crore	151.38	162.02
Weighted average number of equity shares			
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	₹	10	10
Basic and Diluted earnings per share [(A)/(B)]	₹	6.01	6.43

Notes forming part of the financial statements for the year ended March 31, 2022

38 Deferred tax balances

Disclosure pursuant to Ind AS 12 "Income Taxes"

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

₹ in Crore

Sr. No.	Particulars	2021-22	2020-21
	Statement of Profit and Loss:		
(a)	Profit and Loss section:		
(i)	Current Income tax :		
	Current income tax expense	57.03	13.88
		57.03	13.88
(ii)	Deferred Tax:		
	Effect of recognition of deferred tax asset on unused tax losses to the extent of deferred tax liability on temporary differences	–	–
	Tax expense on origination and reversal of temporary differences	(5.08)	9.33
		51.95	23.21

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

₹ in Crore

Sr. No.	Particulars	2021-22	2020-21
(a)	Profit before tax	203.33	185.23
(b)	Corporate tax rate as per Income tax Act, 1961	25.17%	25.17%
(c)	Tax on accounting profit (c)=(a)*(b)	51.17	46.62
(d)	(i) Tax on expense not tax deductible :		
	Corporate social responsibility (CSR) expenses not deductible	0.78	0.51
	(ii) Set off of brought forward loss	–	(36.94)
	(iii) Effect of reversal of deferred tax asset on tax losses and tax offsets recognised in earlier year	–	13.01
	Total effect of tax adjustments [(i) to (iii)]	0.78	(23.41)
(e)	Tax expense recognised during the year (e)=(c)-(d)	51.95	23.21
(f)	Effective tax Rate (f)=(e)/(a)	25.55%	0.00%

Notes forming part of the financial statements for the year ended March 31, 2022

(c) Major components of Deferred Tax Liabilities and Deferred Tax Assets: ₹ in Crore

Particulars	Deferred tax liabilities/ (assets) as at 01-04-2021	Charge/(credit) to Statement of Profit and Loss	Deferred tax liabilities/ (assets) as at 31-3-2022
Deferred tax liabilities:			
- Difference between book base and tax base of property, plant & equipment, investment property and intangible assets	8.02	(9.37)	(1.35)
- Fair value of investments (routed through FVTPL and FVTOCI)	3.43	3.40	6.83
Deferred tax liabilities:	11.45	(5.97)	5.48
Deferred tax (assets):			
- Carried forward tax losses	–	–	–
- Rent on leased asset	(0.06)	(0.02)	(0.08)
- Defined benefit obligation (Gratuity u/s 40A(7) and Leave encashment u/s 43B)	(1.23)	0.38	(0.85)
- Provision for Expenses u/s 40(a)(ia)	(0.59)	0.29	(0.30)
- Other items giving rise to temporary differences	(0.24)	0.24	–
Deferred tax (assets):	(2.12)	0.89	(1.23)
Net deferred tax liability/(assets)	9.33	(5.08)	4.25

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

Notes forming part of the financial statements for the year ended March 31, 2022

39 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

₹ in Crore

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	3.32	–	3.32	1.33	–	1.33
Trade receivables	18.98	–	18.98	16.83	–	16.83
Investments	515.38	32.47	547.85	530.07	25.31	555.37
Other financial assets	3.32	0.21	3.53	9.31	0.20	9.51
Non-financial assets						
Current tax asset	–	15.42	15.42	–	42.24	42.24
Property, plant and equipment	–	0.43	0.43	–	0.66	0.66
Other intangible assets	–	33.78	33.78	–	82.10	82.10
Right-of-use asset	–	1.40	1.40	–	1.58	1.58
Other non-financial assets	1.85	–	1.85	1.20	–	1.20
Total assets	542.85	83.71	626.56	558.74	152.09	710.82
LIABILITIES						
Financial liabilities						
Trade payables						
(i) total outstanding dues of creditors to micro enterprises and small enterprises	–	–	–	–	–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5.12	–	5.12	9.59	–	9.59
Lease liability	0.47	1.16	1.63	0.37	1.38	1.75
Other financial liabilities	39.13	–	39.13	29.48	–	29.48
Non-financial liabilities						
Provisions	0.44	2.92	3.36	0.37	4.52	4.89
Other non-financial liabilities	31.50	–	31.50	12.78	–	12.78
Deferred tax liabilities	–	4.25	4.25	–	9.33	9.33
Total liabilities	76.66	8.33	84.99	52.59	15.23	67.82
Net (Total assets - Total Liabilities)	466.19	75.38	541.57	506.15	136.86	643.00

40 Disclosure pursuant to Ind AS 19 “Employee Benefits” :

(i) Defined Contribution plans :

The Company recognise charges of ₹ 1.74 crore (previous year ₹ 1.23 crore) for provident fund contribution, ₹ 0.49 crore (previous year ₹ 0.49 crore) for family pension fund and ₹ 0.79 crore (previous year ₹ 0.66 crore) for superannuation fund contributions in the Statement of Profit and Loss.

Notes forming part of the financial statements for the year ended March 31, 2022

(ii) Defined benefits Gratuity Plan

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

₹ in Crore

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
A) Present Value of Defined Benefit Obligation		
- Wholly funded	7.09	5.24
- Wholly unfunded	–	–
	7.09	5.24
Less : Fair Value of plan assets	(5.33)	(1.71)
Add : Amount not recognised as an asset	–	–
Amount to be recognised as liability or (asset)	1.76	3.52
B) Amounts reflected in Balance Sheet		
Liabilities	1.76	3.52
Assets	–	–
Net liability/(asset)	1.76	3.52
Net liability/(asset) - current	0.44	0.37
Net liability/(asset) - non-current	1.32	3.16

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

₹ in Crore

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
1 Current Service Cost	0.76	0.74
2 Interest Cost	0.27	0.36
3 Interest Income on Plan Assets	(0.09)	(0.13)
4 Actuarial losses/(gains) - others	1.00	(1.60)
5 Actuarial losses/(gains) - difference between actuarial return on plan assets and interest income	–	–
Total (1 to 5)	1.94	(0.63)
i Amount included in "employee benefits expenses"	0.76	0.74
ii Amount included in as part of "finance cost"	0.18	0.23
iii Amount included as part of "Other Comprehensive income"	1.00	(1.60)
Total (i + ii + iii)	1.94	(0.63)

* Amount less than ₹ 1 Lakh

Notes forming part of the financial statements for the year ended March 31, 2022

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

₹ in Crore

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
Opening balance of the present value of defined benefit obligation	5.24	5.64
Add : Current Service Cost	0.76	0.74
Add : Interest Cost	0.27	0.36
Add : Actuarial losses/(gains)		
i) Actuarial (gains)/losses arising from changes in financial assumptions	(0.14)	0.17
ii) Actuarial (gains)/losses arising from changes in demographic assumptions	–	(0.31)
ii) Actuarial (gains)/losses arising from changes in experience adjustments	1.21	
Less : Benefits paid	(0.09)	(0.15)
Add : Past service cost	–	–
Add : Liability assumed/(settled)	(0.15)	0.24
Add/(less) : Translation adjustments	–	–
Closing balance of the present value of defined benefit obligation	7.10	5.24

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

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
Opening balance of the fair value of the plan assets	1.71	1.72
Add : interest income of plan assets	0.09	0.13
Add/(less) : Actuarial gains/(losses)		
(Difference between actual return on plan assets and interest income)	0.07	0.01
Add : Contribution by the employer	3.55	–
Add/(less) : Contribution by plan participants	–	–
Less : Benefits paid	(0.09)	(0.15)
Closing balance of plan assets	5.33	1.71

Notes forming part of the financial statements for the year ended March 31, 2022

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

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
1 Government of India Securities	–	–
2 Corporate Bonds	–	–
3 Special Deposit Scheme	–	–
4 Insurer Managed Funds (Unquoted)	5.33	1.71
5 Others	–	–

(f) Principal actuarial assumptions at the valuation date: ₹ in Crore

Particulars	Gratuity Plan	
	As at March 31, 2022	As at March 31, 2021
1 Discount rate (per annum)	6.05%	5.60%
2 Salary escalation rate (per annum)	9.00%	9.00%

(A) Discount rate:

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

(B) Salary escalation rate:

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

(g) Attrition Rate:

The attrition rate varies from 22% to 26% (previous year: 22% to 26%) for various age groups.

(h) Mortality:

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

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

(j) Sensitivity Analysis

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

Particulars	Gratuity Plan			
	Effect of 1% increase		Effect of 1% decrease	
	2021-22	2020-21	2021-22	2020-21
1 Discount rate (per annum)	(0.29)	(0.23)	0.32	0.25
2 Salary escalation rate (per annum)	0.30	0.24	(0.29)	(0.22)

₹ in Crore

Notes forming part of the financial statements for the year ended March 31, 2022

41 Disclosure pursuant to Ind AS 116 "Lease"

I) Right-of-use asset:

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1.58	2.55
Add: Additions during the year	0.32	0.95
Less: Deletion during the year	(0.02)	(1.34)
Less: Depreciation during the year	(0.48)	(0.58)
Closing balance	1.40	1.58

II) Lease Liability:

₹ in Crore

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1.75	2.82
Add: Additions during the year	0.32	0.95
Less: Deletion during the year	(0.02)	(1.50)
Add: Interest accrued during the year	0.15	0.15
Less: Interest paid during the year	(0.15)	(0.15)
Less: Principal repayment during the year	(0.42)	(0.52)
Closing balance	1.63	1.75

III) Low Value Leases/Short Term Leases

₹ in Crore

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
- Low Value Assets	(0.02)	(0.09)
- Short term Leases	8.91	8.34

Actual Cashflow during the year for

₹ in Crore

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
- Low Value Assets	(0.02)	(0.09)
- Short term Leases	8.91	8.34

Notes forming part of the financial statements for the year ended March 31, 2022

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

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

1. Ultimate Holding Company

Larsen & Toubro Limited

2. Holding Company

L&T Finance Holdings Limited

3. Fellow Subsidiary Companies

L&T Finance Limited

Larsen & Toubro Infotech Limited

L&T Financial Consultants Limited

4. Key Management Personnel

Mr. Kailesh Kulkarni (Chief Executive Officer)

Mr. M.V Nair (Independent Director)

Ms. Anisha Motwani (independent Director)

(b) Disclosure of related party transactions :-

		₹ in Crore	
Sr. No.	Nature of Transaction*	2021-22	2020-21
1	Inter corporate deposits given L&T Finance Limited	451.29	643.46
2	Inter corporate deposits received back L&T Finance Limited L & T Housing Finance Limited	451.29 –	671.26 275.00
3	Interest on inter corporate deposits given L&T Finance Limited L&T Finance Holdings Limited	12.53 –	10.52 2.67
4	Brand license fees Larsen & Toubro Limited	0.94	1.07
5	Corporate support charges/Management fees to L&T Finance Holdings Limited L&T Finance Limited	0.73 13.51	0.90 12.25
6	Rent expense paid/received (net) L&T Finance Limited L&T Financial Consultants Limited	2.72 6.19	2.75 5.58
7	Professional Fees Expense Larsen & Toubro Limited Larsen & Toubro Infotech Limited	0.08 0.08	0.11 0.13
8	Expense on employee stock option plan L&T Finance Holdings Limited	6.31	8.93

Notes forming part of the financial statements for the year ended March 31, 2022

		₹ in Crore	
Sr. No.	Nature of Transaction*	2021-22	2020-21
9	Repairs and maintenance		
	L&T Financial Consultants Limited	1.55	1.44
10	Security deposit paid/(Received)		
	L&T Financial Consultants Limited	0.30	(1.39)
11	Dividend paid to		
	L&T Finance Holdings Limited	251.82	97.96

		₹ in Crore			
12 Compensation paid to Key Management Personnel :		2021-22		2020-21	
Name of Key Management Personnel		Short-Term employee benefits	Other Long-Term employee benefits	Short-Term employee benefits	Other Long-Term employee benefits
1	Mr Kailash Kulkarni **	3.59	–	3.51	–
2	Mr M.V Nair	0.02	–	0.02	–
3	Ms. Anisha Motwani	0.03	–	0.02	–

(c) Amount due to/from Related Parties:

		₹ in Crore	
S. No.	Nature of transactions	As at March 31,2022	As at March 31,2021
1	Accounts payable		
	L&T Finance Limited (Refer note 1 below)	0.01	–
	Larsen & Toubro Infotech Limited	0.01	0.01
	L&T Financial Consultants Limited	–	0.01
2	Accounts receivable		
	Larsen & Toubro Limited	0.20	0.29
	L&T Finance Holdings Limited	–	5.41
	L&T Financial Consultants Limited	0.01	–
3	Rent deposit receivable from		
	L&T Financial Consultants Limited	3.05	2.75
4	Brand license fees payable		
	Larsen & Toubro Limited	0.94	1.07
5	ICD Receivable (includes interest accrued)		
	L&T Finance Limited (Refer note 1 below)	–	–

* 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.

Notes forming part of the financial statements for the year ended March 31, 2022

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

₹ in Crore

1 Disaggregation of revenue for the year ended March 31, 2022 - 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, 2022
	Domestic	Total
Management Fee Income	359.04	359.04
Total	359.04	359.04
Revenue Recognised based on performance obligations satisfied over a period of time	–	–
Revenue Recognised based on performance obligations satisfied at a point in time	359.04	359.04

Disaggregation of revenue for the year ended March 31, 2021 - 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, 2021
	Domestic	Total
Management Fee Income	311.29	311.29
Total	311.29	311.29
Revenue Recognised based on performance obligations satisfied over a period of time	–	–
Revenue Recognised based on performance obligations satisfied at a point in time	311.29	311.29

2 Reconciliation of contracted price with revenue during the year :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
	Revenue recognised in statement of profit & loss	359.04
Contracted prices	359.04	311.29

3 Movement of trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	16.83	12.48
Revenue recognised during the year	359.04	311.29
Invoices raised during the year for point in time sale	359.04	311.29
Amount recovered	356.89	306.94
Closing Balance	18.98	16.83

4 The Company has not recognised any assets as on March 31, 2021 and March 31, 2022 from the costs to obtain or fulfil a contract with a customer.

Notes forming part of the financial statements for the year ended March 31, 2022

44 Note on NCLT Petition for Capital Reduction Scheme

The Board of Directors of the Company, at their meeting held on January 12, 2022, have approved the reduction of 3,12,00,000 equity shares of ₹ 10/- each for an aggregate consideration of ₹ 390,00,00,000 under Section 66 read with Section 52 and other applicable provisions of the Companies Act, 2013. The capital reduction was approved by the shareholders through a special resolution dated January 14, 2022. Currently, the Company is awaiting sanction of the National Company Law Tribunal, Mumbai Bench ('NCLT')

45 The Company did not have any transactions with struck off companies during the year March 31, 2022.

46 The Company did not have any pending litigations as on March 31, 2022.

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

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

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

As per our report attached

For B. K. Khare & Co.,
Chartered Accountants
Firm's registration no. 105102W
by the hand of

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

Aniruddha Joshi
Partner
Membership no. 040852

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Kailash Kulkarni
Chief Executive Officer

Rahul Mehta
Head - Accounts (CFO)

Place : Mumbai
Date : April 27, 2022

Palak Jain
Company Secretary