DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Eighteenth Annual Report, on the business and operations of LIC NOMURA Mutual Fund Asset Management Company Limited (herein after referred to as 'the Company') together with audited accounts for the financial year ended March 31, 2012.

Financial Performance:
The summary of your company's financial performance is given below:

Particulars	Year ended 31/03/2012 (₹. in lakh)	Year ended 31/03/2011 (₹. in lakh)*
Income (includes ₹ 59.49 lakh towards excess depreciation of earlier years written back in 2010-11)	3,671.91	10,061.44
Expenditure (includes ₹11,279.20 lakhs towards contribution for scheme deficiencies in 2010-11)	4,561.75	18,646.29
Gross Profit / (Loss) [PBDIT]	(889.84)	(8,584.85)
Less:(i) Depreciation	326.62	159.61
(ii) Finance Costs	0.28	0.38
(iii) Provision for Tax	-	-
(iv)Deferred Tax Liability/(Asset)	2806.64	(2830.39)
Net Profit / (Loss)	(4,023.38)	(5,914.45)
Add: Balance brought forward	2,278.76	8,193.20
Profit Available for Appropriation	(1,744.62)	2,278.76
Appropriation		
Proposed Dividend	-	-
Tax on dividend	-	-
Transfer to General Reserve	-	-
Balance carried forward	(1,744.62)	2,278.76

* Previous year figures are re-grouped as per revised Schedule VI.

Review of Performance

The total income during the financial year 2011-12 has come down to ₹ 3,671.91 lakh from ₹ 10,061.44 lakh during last year in view of downfall of AUM of AMC. The main source of income for the Company is Management and Advisory fee for managing the schemes of LIC NOMURA Mutual Fund. During the year under review, the Management and Advisory fee has also come down to ₹ 3,376.42 lakh in view of the fall in Assets Under Management.

The Average Asset Under Management (AAUM) of the Fund stood at ₹ 5,799.04 crore as on close of 31st March 2012 with a market share of 0.87% (Mutual Fund Industry's AAUM ₹ 6,64824.02 crore) LIC NOMURA MF AMC Ltd. stood at number 20 among 44 mutual funds in the industry on AAUM basis. There are 31 ongoing schemes as on March 31, 2012 and LIC Nomura MF AMC Ltd. has mobilized a sum of ₹ 34,490.40 crore from all live schemes. AAUM of the Fund for the quarter ending June 2012 is ₹ 5919.22 crore.

Out of the ongoing schemes, continuous sale and repurchase is available under open-ended schemes. The total number of investors as at the end of the year stood at 377636.

The distribution network of LIC NOMURA MF has also grown in strength through addition of New Chief Agents, Marketing Associates and Business Associates as at 31/03/2012. During the year LIC NOMURA MF AMC Ltd. opened one new Area Office at Rajkot - taking the total number of Area Offices to 29, besides 70 Business centres for further penetration into the untapped semi-urban and retail market.

Auditors' observations in their statement on the matters specified under Companies (Auditor's Report) Order, 2003 (as amended from time to time), are self explanatory.

Dividend

In view of the loss incurred by the Company for the year under review, your Directors expressed their inability to recommend any dividend for this year.

Funds Mobilized

Your Company's main source of income is management and advisory fee for managing the schemes of LIC NOMURA Mutual Fund. Your Company's income and consequently its profitability depend on the AUM of the Fund. There are 31 ongoing schemes as on March 31, 2012. During the year under review, your Company has mobilized a sum of ₹ 34,490.40 crore from all live schemes. The market share of the Fund is 0.87% as on March 31, 2012.

Awards

The Fund also maintained its track record of winning accolades in the annual ICRA Mutual Fund Awards with **LIC NOMURA MF Bond Fund** being ranked **A Five Star Fund** (ICRA Online MF Rank December 2011) indicating performance among the top 4.6% in the category of "Open Ended Debt – Long Term" for three year period ending December 31, 2011.

LIC NOMURA MF AMC Ltd. has been awarded as the **"Most trusted Brand 2011"** in Mutual Funds category by Brand Equity- Economic Times.

FUTURE OUTLOOK OF THE FUND

Since the fructification of Joint Venture with Nomura Asset Management Strategic Investments Pte Ltd, operations of Mutual Fund was divided into Front Office, Mid Office and Back Office. NAV administration has been streamlined. BCP and DR were implemented. Performance of Equity funds are looking up. A new equity product has been filed with SEBI. Application was filed with SEBI for commencing Advisory Services to NAM, Singapore. Since, under 24(b) of SEBI (MF) Regulations, SEBI would grant approval only if the advisory services are going to be provided to broad based funds, it was advised that the advisory services to all kind of funds i.e. broad and non-broad based may be provided under the Portfolio Management Services (PMS) licence, after complying with the PMS regulations and conditions mentioned in the PMS licence. Accordingly, the same will be carried out under PMS licence. Easing of QFI parameters will enhance flow of foreign fund to our schemes.

General Economic Trend

India's GDP grew 5.3% in 4QFY12, well below market consensus (6.1%) and the slowest since 4QFY03. The FY12 GDP growth stood at 6.5%, vs. 8.4% in FY11.

Manufacturing sector, which contributes 15% to GDP, contracted by 0.3% in 4QFY12, the worst quarterly performance in more than a decade (the start of the quarterly series). High raw material costs, public-policy ambivalence, tight monetary conditions and global uncertainty took their toll on the sector.

IIP growth in March 2012 at (-)3.5%YoY has further ignited the bearish sentiment on overall growth and this has come as a shock against the consensus expectation of 1.5%. The cumulative growth for FY2012 stands at 2.8% while the same was 8.2% during FY2011.

Core inflation during April 2012 has increased marginally to 4.9% against 4.7% in March 2012. Though the same is below 5%, there have been upward trend in both headline WPI at 7.23% and CPI at 10.44% during April 2012.

State oil companies raised the price of petrol by around 11% w.e.f. 24th May 2012, the first in 6 months, to recover losses from higher global oil prices in the past. However, the price was reduced by around 3% reflecting the recent fall in oil prices.

The Reserve Bank of India (RBI) relied upon core inflation as a proxy for demand pressures in the economy and moderation of the same below 5% prompted RBI to prescribe a policy rate cut of 0.5% in April 2012.

Rupee has been further depreciated 6.4% during the month of May to 56.11 per USD, almost all time low, as at 31/05/2012 on account of the weak external balances and global risk-off sentiments.

Business Prospects

Since the beginning of last May the Greek problem casted a shadow, but there were other backgrounds for the recent market weakness such as uncertainty over the US and Chinese economies. While we need to pay enough attention to any changes in global economic trends, accommodative monetary conditions in major advanced economies will continue, which will likely support global economic activities and investors' risk taking sentiment.

All the growth numbers in India are indicating slowdown and the market is in bearish mood. However, the Reserve Bank of India will ease the monetary policy with the moderate core inflation and soft world commodity prices although its timing and magnitude remain uncertain. The expectations of monetary easing is expected to support the market while major bad news seem to have been discounted in the current market given that the P/E ratio stands at around 12x at end-May, which is well below its historical average.

Market participants expect the Reserve Bank of India to cut the Repo rate by at least 25 bps and CRR by 50bps. The short-term rates will draw cues from the liquidity deficit scenario.

Your Directors are confident; barring unforeseen circumstances, the business of the Fund is expected to grow in the forthcoming financial year.

Fixed Deposit

Your Company has not accepted any fixed deposits, and as such, no amount of principal or interest was outstanding as on the balance sheet date. Further since incorporation your Company has not issued any debentures and hence, the question of non-redemption of debentures beyond due date or non-payment of interest on such debentures does not arise.

Directors

As on March 31, 2012 your Company has ten Directors. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri V.K.Sharma, Shri Yugo Ishida and Shri Vikas Sharma, Directors of the Company retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors appointed Shri Nilesh Sathe as Whole Time Director w.e.f. June 21 2012, in place of Shri N. Mohan Raj, who relinquished his office at the close of office hours on 02/05/2012 on his transfer back to LIC of India. The Board wishes to place on record his valuable contributions made to the Company during his tenure as Whole Time Director and wishes Shri Nilesh Sathe all successes in the new assignment.

Audit Committee

The Audit Committee of the Company consists of 3 independent members of the Board. The role and terms of reference of the Audit Committee covers the areas as per Companies Act, 1956, besides other areas as may be referred to by the Board of directors. During the year under review, the Committee met 5 times.

Auditors

The auditors M/s S V Ghatalia & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness to accept office, if re-appointed. Accordingly, the Board recommends the re-appointment of M/s. S V Ghatalia & Associates., Chartered Accountants, Mumbai.

Directors' Responsibility Statement

Your Directors confirm:

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures :
ii) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) that they had prepared the annual accounts on a going concern basis.

Employee Particulars:

There are three employees receiving remuneration exceeding the amount prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and their details as required to be included in Board's report under subsection (2-A) of section 217 of the Companies Act, 1956 (1 of 1956), are as shown in Annexure – I :-

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo:

The Company is engaging as investment managers and advisors to the schemes floated by LIC NOMURA Mutual Fund and not carrying on any manufacturing activities. Further, the Company has not earned any foreign currency nor incurred any expenditure in foreign currency during the financial year. Hence, the particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are not applicable.

Acknowledgements:

Your Directors place on record their appreciation of the support extended by the Investors, Bankers, Custodians, Registrars, Brokers, Board of Directors of LIC NOMURA Mutual Fund Trustee Company Pvt. Ltd., LIC of India, LIC Housing Finance Ltd., Nomura Asset Management Strategic Investments Pte. Ltd. and various Government agencies. Your Directors would also like to place on record the contribution made by the employees at all levels for the success of your Company during the year.

For and on behalf of the Board of Directors of
LIC NOMURA Mutual Fund Asset Management Company Limited

Nilesh Sathe **Director & CEO**	**D K Mehrotra** **Chairman**

Place : **Mumbai**

Date: **21/06/2012**

S.V. GHATALIA & ASSOCIATES
Chartered Accountants

6th Floor, Express Towers
Nariman Point
Mumbai-400 021, India
Tel: +91 22 6192 0000
Fax: +91 22 6192 2000

Auditors' Report

To
The Members of LIC Nomura Mutual Fund Asset Management Company Limited

1. We have audited the attached Balance Sheet of LIC Nomura Mutual Fund Asset Management Company Limited (the 'Company') as at 31 March 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;

   v. On the basis of the written representations received from the directors, as on 31 March 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

S.V. GHATALIA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;

b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S.V. Ghatalia & Associates

For S.V. Ghatalia & Associates
Firm Registration No.: 103162W
Chartered Accountants

Per Amit Kabra
Partner
Membership No.: 94533

Place: Mumbai
Date: 21 June 2012

S.V. GHATALIA & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

Annexure referred to in paragraph 3 of our report of even date

Re: LIC Nomura Mutual Fund Asset Management Company Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) The Company does not hold any inventory. Hence, provisions of clause 4(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and securities and for sale of services and securities. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

As informed, the Company has not sold goods during the year, hence adequacy of internal controls on same has not been commented upon.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 of the Act have been so entered.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for the products of the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, wealth tax, service tax, cess and other material statutory dues applicable to it, *though there have been slight delays in few cases of payment of tax deducted at source*.

As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, excise duty and customs duty are currently not applicable to the Company.

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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, excise duty and customs duty are currently not applicable to the Company.

(c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.

As informed, the provisions of sales tax, excise duty and customs duty are currently not applicable to the Company.

(x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth but it has incurred cash losses in the current year and immediately preceding financial year.

(xi) Based on audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or bank.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

(xiv) In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by other from bank or financial institution.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) The Company did not have any outstanding debentures during the year.

S.V. GHATALIA & ASSOCIATES * CHARTERED ACCOUNTANTS * MUMBAI

(xx) The Company has not raised any money through a public issue.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

S.V. Ghatalia & Associates

For S.V. Ghatalia & Associates
Firm Registration No.: 103162W
Chartered Accountants

Per Amit Kabra
Partner
Membership No.: 94533

Place: Mumbai
Date: 21 June 2012

S.V. GHATALIA & ASSOCIATES
MUMBAI
CHARTERED ACCOUNTANTS

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED
BALANCE SHEET

	Notes	As at 31 March 2012 ₹	As at 31 March 2011 ₹
Equity and liabilities			
Shareholder's Funds			
Share capital	3	110,000,000	110,000,000
Reserves and surplus	4	1,135,177,764	1,537,515,692
Non-current liabilities			
Other long-term liability	6	8,533,129	6,382,047
Long -term provisions	7	29,834,785	14,442,376
Current liabilities			
Trade payable	5	49,465,289	84,047,895
Other current liabilities	8	1,145,003	4,032,796
Short -term provisions	7	14,229,449	2,019,406
TOTAL		**1,348,385,419**	**1,758,440,212**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	55,506,612	35,759,398
Intangible assets	15	52,747,423	2,560,768
Capital work-in-progress		-	61,566,056
Intangible assets under development		1,320,000	-
Non-current investments	9	10,000,000	10,000,000
Deferrred tax assets (net)		-	280,663,822
Long-term loans and advances	10	232,434,839	202,701,685
		352,008,874	593,251,729
Current assets			
Current investments	12	959,519,873	1,035,567,376
Trade receivable	11.1	19,052,078	18,356,431
Cash and cash equivalents	13	5,218,277	65,436,363
Short-term loans and advances	10	12,565,729	45,806,943
Other current assets	11.2	20,588	21,370
		996,376,545	1,165,188,483
TOTAL		**1,348,385,419**	**1,758,440,212**
Summary of significant accounting policies	2		

The accompaying notes are an integral part of the financial statements
As per our report of even date

S.V. Ghatalia & Associates

For S.V. Ghatalia & Associates
Firm Registration No : 103162W
Chartered Accountants

per Amit Kabra
a Partner
Membership No.94533

Date : 21 June 2012
Place : Mumbai

For and on behalf of board of directors of LIC NOMURA Mutual Fund Assets Management Company Limited

Chairman | **Chief Executive Officer** | **Director**

Company Secretary | **Deputy General Manager**

Date : 21 June 2012
Place : Mumbai

S.V. GHATALIA & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ MUMBAI

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT

	Notes	For the Year Ended 31 March 2012 ₹	For the Year Ended 31 March 2011 ₹
Income			
Revenue from operations (net)	16	337,642,393	878,864,965
Other income	17	29,548,612	127,279,073
Total revenue (I)		**367,191,005**	**1,006,144,038**
Expenses			
Employee benefits expense	18	174,772,274	162,065,817
Other expenses	19	281,402,572	572,713,000
Exceptional items	20	-	1,129,850,111
Total (II)		**456,174,846**	**1,864,628,928**
Earnings before interest, tax,depreciation and amortization (EBITDA) (I)-(II)		(88,983,841)	(858,484,890)
Depreciation & amortisation expenses	21	32,662,266	15,960,667
Finance costs	22	27,999	37,883
Profit/(Loss) before tax		**(121,674,106)**	**(874,483,440)**
Tax expenses			
Current tax		-	-
Defferred tax		280,663,822	(283,038,663)
Total tax expense		280,663,822	(283,038,663)
Profit/(loss) for the year		(402,337,928)	(591,444,777)
Earning per equity share (nominal value of shares ₹ 10000) (31 March 2011 : ₹ 10000)	23		
Basic/Dilutive			
Computed on the basic of profit from continuing operations		(36,576)	(57,985)
Computed on the basic of total profit for the year		(36,576)	(57,985)
Summary of significant accounting policies	2		

The accompaying notes are an integral part of the financial statements
As per our report of even date

S.V. Ghatalia & Associates

For S.V. Ghatalia & Associates
Firm Registration No : 103162W
Chartered Accountants

per Amit Kabra
a Partner
Membership No.94533

Date : 21 June 2012
Place : Mumbai

For and on behalf of board of directors of LIC NOMURA Mutual Fund Assets Management Company Limited

Chairman | **Chief Executive Officer** | **Director**

Company Secretary | **Deputy General Manager**

Date : 21 June 2012
Place : Mumbai

S.V. GHATALIA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED
CASH FLOW STATEMENT

	For the Year Ended 31 March 2012 ₹	For the Year Ended 31 March 2011 ₹
A. Cash flow from operating activities		
Net profit before taxation, and extraordinary items	**(121,674,106)**	**(874,483,440)**
Adjustments for:		
Depreciation	32,662,266	15,960,667
Profit on sale of investments	(14,952,497)	(68,710,142)
Interest income	(685,000)	(706,370)
Sub Total	17,024,769	(53,455,845)
Operating profit before working capital changes	**(104,649,337)**	**(927,939,285)**
Movements in working capital :		
Decrease/(Increase) in sundry debtors	(695,648)	211,395,982
Decrease/(Increase) in inventories	-	137,650
Decrease/(Increase) in other current assets	783	-
Decrease/(Increase) loans and advances	32,895,313	(138,844,543)
Increase/(Decrease) in current liabilities & provisions	(7,716,865)	(46,725,373)
Cash generated from operations	**(80,165,754)**	**(901,975,569)**
Direct taxes paid (net of refunds)	29,387,253	22,057,760
Cash flow before extraordinary items	**(109,553,007)**	**(924,033,329)**
Net cash from operating activities	**(109,553,007)**	**(924,033,329)**
B. Cash flows from investing activities		
Purchase of fixed assets	(42,350,080)	(80,380,616)
Purchase of investments	(172,000,000)	(5,184,584,298)
Proceeds from sale/maturity of investments	263,000,000	5,523,467,012
Interest received	685,000	706,370
Net cash from investing activities	**49,334,920**	**259,208,468**
C. Cash flows from financing activities		
Proceeds from issuance of share capital	-	800,000,000
Dividends paid	-	(75,000,000)
Tax on dividend paid	-	(12,746,250)
Net cash used in financing activities	**-**	**712,253,750**
Net increase in cash and cash equivalents (A+B+C)	**(60,218,087)**	**47,428,888**
Cash and cash equivalents at the beginning of the year	65,436,363	18007475
Cash and cash equivalents at the end of the year	**5,218,277**	**65,436,363**
Components of cash and cash equivalents		
Cash and cheques on hand	5,655	51,661
With banks - on current account	5,212,622	65,384,702
Cash & cash equivalents (refer note 13)	**5,218,277**	**65,436,363**

Summary of significant accounting policies 2

As per our report of even date
S.V. Ghatalia & Associates
For S.V. Ghatalia & Associates
Firm Registration No : 103162W
Chartered Accountants

per Amit Kabra
a Partner
Membership No.94533

Date : 21 June 2012
Place : Mumbai

For and on behalf of board of directors of LIC NOMURA Mutual Fund Assets Management Company Limited

Chairman **Chief Executive Officer** **Director**

Company Secretary **Deputy General Manager**

Date : 21 June 2012
Place : Mumbai

S.V. GHATALIA & ASSOCIATES * MUMBAI * CHARTERED ACCOUNTANTS *

Notes to financial statements for the year ended 31 March 2012

1 Corporate information

LIC NOMURA Mutual Fund Asset Management Company Limited (Formerly known as LIC Mutual Fund Asset Management Company Limited) ('the Company') was incorporated in India on 20 April 1994.

On 18 January 2011, transfer of 1730 fully paid up equity shares from LIC Housing Finance Limited and 1120 fully paid up equity shares from GIC Housing Finance Limited and issuance and allotment of 1000 fully paid up equity share of the Company to Nomura Asset Management Strategic Investment Pte.Ltd.(NOMURA) was approved by the Board of Directors (Board) and the approval of board was also accorded on 18 January 2011.

Pursuant to the transfer and issuance of shares to Nomura Asset Management Strategic Investment Pte.Ltd, the name of Company has changed to LIC NOMURA Mutual Fund Asset Management Company Limited and the fresh certificate of Incorporation consequent upon change of name was issued by The Registrar of the Companies, Maharashtra, Mumbai.

The Principal activity of the Company is to act as an Investment management advisor to LIC NOMURA Mutual Fund ('the Fund'). The Company manages the investment portfolio and provides various administrative services to the fund.

The Company also provides portfolio management services ('PMS') to clients under Securities and Exchange Board of India (portfolio managers) Regulations, 1993 (as amended).

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

Summary of significant accounting policies

(a) Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimate

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Tangible fixed assets and depreciation on tangible fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and attributable cost of bringing the assets to its working condition for its intended use.

Depreciation on the following fixed assets is provided on straight-line method at rates higher than those specified in Schedule XIV of Companies Act 1956 on a prorata basis.

Particulars	Rate of Depreciation (SLM)	Schedule XIV Rates (SLM)
Computer Software	30%	16.21%
Furniture and Fittings	10%	6.33%
Office equipments	10%	4.75%
Computers	30%	16.21%
Vehicles	20%	9.50%
Leasehold Improvement	Over the period of Lease or Useful life, which ever is shorter.	Over the period of Lease or Useful life, which ever is shorter.

Assets costing less than ₹ 5,000/- per unit are fully depreciated in the year of addition.

(d) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

A summary of amortization policies applied to the Company's intangible assets is as below:

Particulars	Rate of Depreciation (SLM)	Schedule XIV Rates (SLM)
Computer Software	30%	16.21%

(e) Impairment

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. After Impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Notes to financial statements for the year ended 31 March 2012

(f) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.tments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss on first-in-first-out basis.

(g) Revenue recognition

i) Fees from mutual fund operations

Investment management fees are accrued as a percentage of daily net assets of schemes of LIC NOMURA Mutual Fund (excluding investments made by the Company in the schemes), such that it does not exceed the rates prescribed by the securities and Exchange Board of India ('SEBI')(Mutual Fund) Regulations, 1996 (the SEBI Regulations') and any further amendments or offer document of the respective schemes. Such Management fee net of service tax is recognized.

ii) Fees from rendering Portfolio Management Services:

Investment advisory fees comprise fees are accrued as a percentage of weekly net assets of the portfolio of the investors.

iii) Investment income:

Gains and losses on sale of investments are determined using the First-In-First-Out (FIFO) Basis.

iii) Interest/Dividend income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
Dividend is recognised when right to receive payment is established by the reporting date

(h) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases.
Operating leases rentals are recognized as an expense on a straight-line basis over the lease period.

(i) Earning per share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes, if any), by the weighted average number of equity shares outstanding during the period.

(j) Retirement and other employee benefit

Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected made at the end of each financial

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term compensated absences. Short term compensated absences are provided for based on estimates. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term compensated absences for measurement purposes. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method. For employees deputed from Life Insurance Corporation of India ("LIC") no provision has been made as the terminal leave encashment liability is borne by the Life Insurance Corporation of India.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

The Company has purchased the group gratuity policy from LIC Pension & Group Scheme department in respect of AMC employees. No gratuity provision is made in the books for employees deputed/seconded from LIC. The gratuity liability of such employees is borne by LIC.

(k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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Notes to financial statements for the year ended 31 March 2012

At each reporting date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Provision and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting and adjusted to reflect the current management estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(m) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(n) Stale cheques

The cheque issued by the Company which are not encashed for more than three months are transferred to cheque cancelled account. The amount lying in cheque cancelled account for more than two years are written back as other Income.

3 Share capital

	31 March 2012 ₹	31 March 2011 ₹
Authorised		
25,000 (previous year 25,000) equity shares of ₹10,000/- each	250,000,000	250,000,000
Issued, subscribed & paid up		
11,000 (previous year 11,000) equity shares of ₹ 10,000/- each fully paid up	110,000,000	110,000,000
	110,000,000	**110,000,000**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	No.	₹	No.	₹
At the beginning of the period	11,000	110,000,000	10,000	100,000,000
Issued during the period-fresh Issue	-	-	1,000	10,000,000
Outstanding at the end of the period	11,000	110,000,000	11,000	110,000,000

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹10,000/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all prefrential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

c. Details of shareholders holding more than 5% shares in the company

	31 March 2012		31 March 2011	
	No.	% holding in the class	No.	% holding in the class
Equity shares of ₹ 10,000/- each fully paid				
Life Insurance Corporation of India	4,950	45%	4,950	45%
LIC Housing Finance Ltd.	2,200	20%	2,200	20%
Nomura Asset Management Strategic Investment Pte. Ltd.	3,850	35%	3,850	35%

As per records of the company , including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4 Reserves and surplus

	31 March 2012 ₹	31 March 2011 ₹
Securities premium account		
Balance as per last financial statements	790,000,000	-
Add:premium on fresh issue of shares	-	790,000,000
Closing balance	790,000,000	790,000,000
General reserve		
Balance as per last financial statements	519,640,000	519,640,000
Add: amount transferred from surplus balance in the statement of profit & loss	-	-
Closing balance	519,640,000	519,640,000
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	227,875,692	819,320,469
Profit /(Loss) for the year	(402,337,928)	(591,444,777)
Closing Balance	(174,462,236)	227,875,692
Total reserves and surplus	**1,135,177,764**	**1,537,515,692**

5 Trade payables

	Long-term		Short-term	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Micro and small enterprise	-	-	-	-
Others	-	-	49,465,289	84,047,895
	-	-	49,465,289	84,047,895

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6 Other long-term liability

	31 March 2012 ₹	31 March 2011 ₹
Other provisions		
Provision for lease rent escalation	5,416,564	3,265,482
Provision for contingencies	3,116,565	3,116,565
	8,533,129	**6,382,047**

7 Provisions

	Long-term		Short-term	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Provision for employee benefits				
Provsion for gratuity	-	4,067,464	12,652,692	682,757
Provision for leave benefits	29,834,785	10,374,912	1,576,757	1,336,649
	29,834,785	14,442,376	14,229,449	2,019,406

8 Other current liabiliies

	31 March 2012 ₹	31 March 2011 ₹
Other liabilities		
TDS payable	663,208	1,884,666
Service tax payable	481,795	2,148,130
	1,145,003	4,032,796

9 Non-current investments

Non trade investments (at cost)

	31 March 2012 ₹	31 March 2011 ₹
Quoted		
100 units (previous year 100 units) 6.5 % India Infra Finance Company Limited (IIFCL) Tax Free Bonds (Market Value ₹ 95,03,217/- (previous year ₹ 94,77,000/-))	10,000,000	10,000,000
Total long term investments	10,000,000	10,000,000

10 Loans and advances

	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Security deposit				
Unsecured, considered good	997,996	652,095	-	-
Provision for doubtful security deposit	-	-	-	-
(A)	997,996	652,095	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	8,443,778	43,388,923
(B)	-	-	8,443,778	43,388,923
Other Loans and advances				
Advance income-tax (net of provision)	231,436,843	202,049,590	-	-
Prepaid expenses	-	-	4,121,951	2,418,020
(C)	231,436,843	202,049,590	4,121,951	2,418,020
Total (A)+(B)+(C)	**232,434,839**	**202,701,685**	**12,565,729**	**45,806,943**

11 Trade receivables and other assets

11.1 Trade receivables

	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Other receivable				
Unsecured, considered good	-	-	19,052,078	18,356,431
Total	-	-	**19,052,078**	**18,356,431**

11.2 Other assets

	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Others				
Interest accrued on investments	-	-	20,588	21,370
Total	-	-	20,588	21,370

12 Current investments

	31 March 2012 ₹	31 March 2011 ₹
(At lower of cost and market value)		
(Unquoted)		
53,838,371.323 (previous year 586,51,699.594) units of LIC Nomura MF Liquid Fund-Growth option (market value ₹ 1,050,884,321/- (previous year ₹ 1,051,918,232/-))	959,519,873	1,035,567,376
	959,519,873	**1,035,567,376**

13 Cash and cash equivalents

	Non-current		Current	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Cash and cash equivalents				
Balances with banks on current accounts	-	-	5,212,622	65,384,702
Cash on hand	-	-	5,655	51,661
	-	-	**5,218,277**	**65,436,363**

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14 Tangible assets

Tangible assets	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold Improvements	Office equipments	Total
	(Refer Sub Note: 4,8)	(Refer Sub Note: 1,2,3,6)	(Refer Sub Note :7)	(Refer Sub Note: 2, 5, 9)	(Refer Sub Note: 2, 5)	
Cost or valuation						
At 1 April 2010	28,853,572	15,131,970	4,100,208	17,622,985	9,556,802	75,265,537
Additions	2,022,951	3,169,858	3,012,671	973,979	588,610	9,768,069
Disposals	16,282,384	6,851,629	-	-	5,083,065	28,217,078
other adjustments						
Clasification adjustments	-	-	-	-	-	-
At 31 March 2011	14,594,139	11,450,199	7,112,879	18,596,964	5,062,347	56,816,528
Additions	36,617,656	180,460	447,829	120,924	132,856	37,499,725
Disposals						
other adjustments						
Clasification adjustments	(401,130)	(7,179,834)	-	6,843,913	335,921	(401,130)
Other Adjustment	-	(37,787)	-	-	(82,585)	(120,372)
At 31 March 2012	50,810,665	4,413,038	7,560,708	25,561,801	5,448,539	93,794,751
Depreciation						
At 1 April 2010	28,539,972	9,724,511	1,088,377	284,865	5,306,067	44,943,792
Charge for the year	3,876,411	1,254,956	1,226,575	3,430,903	490,178	10,279,023
Disposals	20,936,551	8,470,595	86,145	-	4,672,394	34,165,685
At 31 March 2011	11,479,832	2,508,872	2,228,807	3,715,768	1,123,851	21,057,130
Charge for the year	8,948,997	1,436,983	1,488,339	5,152,255	611,403	17,637,977
Disposals						
other adjustments						
Clasification adjustments	(387,771)	(1,413,251)	-	1,364,274	48,977	(387,771)
Other Adjustment	-	(22,999)	-	3,801	-	(19,198)
At 31 March 2012	20,041,059	2,509,605	3,717,146	10,236,098	1,784,231	38,288,139
Impairment loss						
At 1 April 2010	-	-	-	-	-	-
At 31 March 2011	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-
At 31 March 2012	-	-	-	-	-	-
Net Block						
At 31 March 2011	3,114,307	8,941,327	4,884,072	14,881,196	3,938,496	35,759,398
At 31 March 2012	30,769,606	1,903,433	3,843,562	15,325,703	3,664,308	55,506,612

15 Intangible assets

Intangible assets	Computer software
	(Refer Sub Note: 4)
Cost or valuation	
At 1 April 2010	11,943,814
Purchase	3,097,884
Internal development	-
At 31 March 2011	15,041,698
Purchase	65,197,585
Clasification adjustments	401,130
At 31 March 2012	80,640,413
Amortization	
At 1 April 2010	6,799,286
Charge for the year	5,681,644
At 31 March 2011	12,480,930
Charge for the year	15,024,289
Clasification adjustments	387,771
At 31 March 2012	27,892,990
Net Block	
At 31 March 2011	2,560,768
At 31 March 2012	52,747,423

Sub Note: 1

Asset aggregating to ₹ 6,843,913 (previous year ₹ 15,425,572) (gross block) and ₹ 1,364,274 (previous year ₹ 249,345) accumulated depreciation as at April 1, 2011 have been reclasiffied from furnitures and fittings to leasehold improvements.

Sub Note: 2
Gross block of ₹ 120,372 (previous year ₹ 6,851,629) and accumulated excess depreciation of ₹ 19,198 (previous year ₹ 8,470,595) representing assets identified that need to be accounted for actual presence of assets in the block, for which necessary entries were not passed in the books. Difference of ₹ 101,174 (previous year ₹ 1,618,966) between gross block value and accumulated depreciation represents excess depreciation charged in earlier years.

Sub Note: 3
Asset aggregating to ₹ 335,921 (gross block) and ₹ 48,977 accumulated depreciation as at April 1, 2011 have been reclasiffied from furnitures and fittings to office equipments.

Sub Note: 4
Asset aggregating to ₹ 401,130 (gross block) and ₹ 387,771 accumulated depreciation as at April 1, 2010 have been reclasiffied from computers to computer software

Sub Note: 5
Asset aggregating to ₹ Nil (previous year ₹ 2,197,413) (gross block) and ₹ Nil (previous year ₹ 35,520) accumulated depreciation as at April 1, 2011 have been reclasiffied from office equipments to leasehold improvements.

Sub Note: 6

Gross block of ₹ Nil (previous year ₹ 5,083,064) and accumulated depreciation of ₹ Nil (previous year ₹ 8,470,595) representing assets identified as not is use upon modernisation of premises, for which necessary entries were not passed in the books. Difference of ₹ Nil (previous year ₹ 4,672,393) between gross block value and accumulated depreciation represents excess depreciation charged in earlier years written back during the preivous year and disclosed as pther income.

Sub Note: 7
Adjustment of ₹ Nil (previous year ₹ 86,145) represents excess depreciation of motor cars charged in earlier years written back during the preivous year and disclosed as other income.

Sub Note: 8

Gross Block of ₹ Nil (previous year ₹ 16,282,384) and accumulated depreciation of ₹ Nil (previous year ₹ 20,936,551) representing assets identified as not is use upon modernisation of premises, for which necessary entries were not passed in the books. Diffrence of ₹ Nil (previous year ₹ 4,654,167) between gross book value and accumalated depreciation represents excess depreciation charged in earlier years written back during the preivous year and disclosed as other income.

Sub Note: 9
Depreciation includes ₹12,40,442/-(previous year ₹ Nil) pertaining to earlier years

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Notes annexed to and forming part of the statement of profit and loss account

16 Investment management and advisory fees

	31 March 2012 ₹	31 March 2011 ₹
Revenue from operations		
Sale of services	372,419,630	969,432,959
Revenue form operations (gross)	**372,419,630**	**969,432,959**
Less: service tax	34,777,237	90,567,994
Revenue from operations (net)	**337,642,393**	**878,864,965**

Details of services rendered

	Net Management Fee		Service Tax		Gross Management Fee	
	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹	31 March 2012 ₹	31 March 2011 ₹
Fees from Mutual Fund	322,369,324	868,633,207	33,204,110	89,469,314	355,573,434	958,102,521
Fees From PMS Operations	15,273,069	10,231,758	1,573,127	1,098,680	16,846,196	11,330,438
	337,642,393	878,864,965	34,777,237	90,567,994	372,419,630	969,432,959

17 Other income

	31 March 2012 ₹	31 March 2011 ₹
Interest income on		
Bank deposit	-	-
Long-term investments	685,000	706,370
Others	3,442,623	1,073,997
Other non-operating income	25,420,989	125,498,706
	29,548,612	**127,279,073**

18 Employees cost

	31 March 2012 ₹	31 March 2011 ₹
Salaries, allowances and bonus	124,303,113	130,117,502
Staff welfare	13,115,881	11,209,265
Contribution to provident and other funds	5,811,080	9,050,072
Leave encashment	21,380,679	6,349,866
Gratuity (refer note No.27)	10,161,521	5,339,112
	174,772,274	**162,065,817**

19 Other expenses

	31 March 2012 ₹	31 March 2011 ₹
Rent	21,026,312	24,767,389
Rates, taxes for premises	4,125,183	4,119,346
Subscription to database, market feed	6,940,071	5,220,482
Electricity expenses	4,838,546	5,043,375
Repair and maintenance for Plant & machinery	201,814	156,809
Insurance	1,375,477	1,313,285
Commission / incentive to agents	87,912,213	367,817,363
Legal charges	818,845	1,229,315
Professional fees	6,297,735	758,191
Publicity expenses	74,598,402	68,057,986
Professional tax	11,215	5,000
Directors sitting fees	275,000	365,000
Board meeting expenses	2,669,055	1,446,263
Payment to auditors (refer notes 31)	485,192	380,000
Interest on delay payments	21,581	450,069
Other operating expenses	5,387,114	8,137,118
Travelling & conveyance	10,624,706	9,465,679
Printing & stationery	2,593,272	3,294,457
Computer charges	5,025,180	1,156,903
Seminar/meeting/conference expenses	3,282,352	2,160,874
Office maintenance	5,537,421	4,722,465
Telephone charges	5,611,603	4,264,493
Communication charges	728,808	1,020,644
Maintenance charges for assets	661,866	3,827
Postage, telegram, couriers	2,517,368	11,278,870
Scheme related expenses	27,836,241	46,077,797
	281,402,572	**572,713,000**

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20 Exceptional items

	31 March 2012 ₹	31 March 2011 ₹
Contribution for schemes deficiencies	-	1,127,919,622
Service Tax - NIF	-	1,930,489
	-	**1,129,850,111**

21 Depreciation & amortization expense

	31 March 2012 ₹	31 March 2011 ₹
Depreciation of tangible assets (refer note 14)	17,637,977	10,279,023
Amortisation of intangible assets (refer note 15)	15,024,289	5,681,644
	32,662,266	**15,960,667**
	-	-

22 Finance costs

	31 March 2012 ₹	31 March 2011 ₹
Bank charges	27,999	37,883
	27,999	**37,883**

23 Earning per share (EPS)

	31 March 2012 ₹	31 March 2011 ₹
Continuing operations		
Loss after tax	(402,337,928)	(591,444,777)
Less: Dividends on covertible prefrence shares & tax thereon	-	-
Loss for calculation of basic EPS	**(402,337,928)**	**(591,444,777)**

	No. of Shares	No. of Shares
Weighted average number of equity shares in calculating basic EPS	11,000	10,200

	31 March 2012 ₹	31 March 2011 ₹
Basic/Dilutive EPS	(36,576)	(57,985)

Notes to financial statements for the year ended 31 March 2012

24 Scheme related expenses

An amount of ₹ NIL (Previous year ₹ 263,00,943/-) being interest on borrowings by schemes over the 20% of the asset under management of the schemes paid by the Company.

An amount of ₹ 27,836,241/- (Previous year ₹ 19,776,854/-) being short provision of expenses/ defeciencies in the schemes books as on 31 March 2012 paid by the Company.

25 Capital commitments

Capital Commitments	31 March 2012	31 March 2011
Estimated amount of contracts remaining to be executed on capital account and not provided for.	2,855,000	51,433,944

26 Provisions and contingencies

Claims against the Company not acknowledged as debts

During the year the Income tax department has issued notice under section 156 of Income Tax Act, 1961 for Assessment Year 2005-06 levying penalty under section 271(1)(c) of Income Tax Act for ₹ 50,00,000/- for claiming indexation benefits on sale of mutual fund units.

However the Company has filed an appeal against the order on 30 April 2010 submitting that a mere a claim, which prima facie is bona fide claim, that units of a mutual fund are eligible for indexation benefit would not result in the assessee either furnishing inaccurate particulars of income or concealing the particulars of income so as to warrant levy of penalty under section 271(1) (c) of the Income Tax Act.

27 Employee benefit

In accordance with the Accounting Standard on "Employee Benefits" AS-15 (Revised 2005) issued by the Institute of Chartered Accountants of India, the Company has classified the various benefits provided to the employees as under:

The Company has recognized the following amounts in Profit and Loss Account.

Gratuity (Defined Benefit Schemes)

		As on 31 March 2012	As on 31 March 2011
1)	Assumption		
	Discount Rate	8.60%	8.00%
	Salary Escalation	12.00%	5.00%
2)	**Expenses recognized in statement of profit and loss**		
	Current service cost	2,919,766	614,812
	Interest cost	694,350	355,591
	Expected return on plan assets	(304,111)	(312,935)
	Net actuarial (gain)/ loss recognized in the year	4,592,466	3,310,134
	Expenses recognized in statement of profit and loss	7,902,471	3,967,602
3)	**Amounts to be recognized in the balance sheet**		
	Present value of obligations as at the end of the year	15,930,511	8,415,215
	Fair value of plan assets as at the end of the year	3,277,819	3,664,994
	Funded Status	(12,652,692)	(4,750,221)
	Net asset/(liability) recognized in balance sheet	(12,652,692)	(4,750,221)
4)	**Changes in present value of obligation**		
	Present value of obligation as at beginning of the year	8,415,215	4,444,886
	Interest cost	694,350	355,591
	Current service cost	2,919,766	614,812
	Benefits paid	(682,757)	(310,208)
	Actuarial (gain)/ loss on obligations	4,583,937	3,310,134
	Present value of obligation as at end of the year	15,930,511	8,415,215
5)	**Changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	3,664,994	3,662,267
	Expected return on plan assets	304,111	312,935
	Contributions	-	-
	Benefits paid	(682,757)	(310,208)
	Actuarial gain/(loss) on plan assets	(8,529)	-
	Fair value of plan assets at the end of year	3,277,819	3,664,994

The Company expects to contribute ₹ 12,652,692/- to gratuity in the next year (previous year ₹ Nil)

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

CHHALIA & ASSOCIATES ★ CHARTERED ACCOUNTANTS MUMBAI

Notes to financial statements for the year ended 31 March 2012

Amounts for the current and previous four periods are as follows:

Gratuity	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Defined benefit obligation	15,930,511	8,415,215	4,444,886	2,919,567	2,520,716
Plan assets	3,277,819	3,664,994	3,662,267	3,355,261	3,073,991
Surplus / (deficit)	(12,652,692)	(4,750,221)	(782,619)	435,694	553,275
Experience adjustments on plan liabilities	(4,583,937)	(3,310,134)	(1,061,928)	(242,484)	667,976
Experience adjustments on plan assets	8,529	-	-	-	-

28 Segmental reporting

The Company's operation mainly relate to providing asset management services and portfolio management services. In the opinion of the management the risks and rewards attached to the business are similar in nature. Hence separate segment under Accounting Standard 17 on "Segment Reporting" is not required to be reported as the Company business is restricted to a single segment i.e. Asset Management Services.

29 Additional information pursuant to the provisions of paragraph 4A, 4C and 4D of part II of the Schedule VI to the Companies Act, 1956 is not provided, as these provisions do not apply to the Company.

30 Operating lease commitments

Office premises are obtained on operating lease. The total lease payments recognized in the Profit and Loss Account towards the said leases amount to ₹ 25,151,495/- , Previous Year ₹ 28,886,734/-)

Lease obligations	For Year ended 31 March 2012	For Year ended 31 March 2011
Not later than one year	17,220,232	8,022,415
Later than one year but not later than five year	50,555,357	27,384,360
Later than 5 years	11,462,469	12,603,809
Total	79,238,058	48,010,584

31 Auditors remuneration

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
Statutory & tax Audit	470,000	380,000
Out of pocket expense	15,192	-

32 Deferred tax asset

In the absense of virtual certainty of realisation of carried forward tax losses and unabsorbed depreciation, management has not created any deffered tax asset this year and written down the deffred tax asset created in earlier years. The same will be reassesd at subsequent reporting date and will be accounted for in the year of virtual cetainty. The break-up of Deferred Tax Assets and Liabilities not recognized in the accounts as on 31 March 2012 are as under:

Deferred Taxation Statement		
Particulars	**31 March 2012**	**31 March 2011**
Deferred Tax Liabilities		
Timing differences on depreciation of fixed asset	17,101,957	-
Total	**17,101,957**	-
Deferred Tax Assets		
Timing differences on depreciation of fixed asset	-	189,916
Timing differences on Provision of Straight Lining of Rent	697,919	1,059,486
Expenses disallowed under section 43B of the Income Tax Act, 1961	8,154,008	3,139,505
Timing differences on disallowance of professional fees as per assesment order	278,339	
Unabosrbed losses and allowances	335,942,940	278,649,756
Total	**345,073,205**	**283,038,663**
Deferred Tax Assets recognised to the extent of Liability	**17,101,957**	
Net Deferred Tax Asset/(Liabilities)	-	**283,038,663**

Notes to financial statements for the year ended 31 March 2012

33 Related party disclosures

Names of related parties where control exists irrespective of whether transaction have occurred or not

Particulars	Relationship
Life Insurance Corporation of India (LIC)	Associate
LIC Housing Finance Limited	Associate
Nomura Asset Management Strategic Investment Pte.Ltd.	Associate
Key Management Personnel	Mr. N Mohanraj, Chief Executive Officer LIC NOMURA MF AMC Ltd.

Names other related parties with whom transactions have taken place during the year

Name of parties	Relationship
LIC NOMURA Mutual Fund	Mutual Fund managed by the Company
Insurance Institute of India	Associate of LIC

A) Management fees income

Receipt of Management fee	For Year ended 31 March 2012	For Year ended 31 March 2011
LIC NOMURA Mutual Fund	322,369,324	868,633,207
Insurance Institute of India	4,762,833	2,269,875

B) Management fees receivable

Receivable From	As at 31 March 2012	As at 31 March 2011
LIC NOMURA MF	7,887,396	8,622,103
Insurance Institute of India	2,412,362	1,936,813

C) Investment in MF schemes & redemption in mutual fund schemes

Particulars	2011-12	2010-11
Investments	172,000,000	5,184,584,298
Redemptions	248,047,503	5,523,467,012

D) Profit on sale of mutual fund units

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
LIC Nomura MF Liquid Fund	14,952,497	22,028,418
LIC Nomura MF Income Plus	-	927,250
LIC Nomura MF Floating Rate	-	22,235,248
LIC Nomura MF Saving Plus Growth	-	19,756,597
LIC Nomura MF Interval Fund	-	3,762,628
TOTAL	**14,952,497**	**68,710,142**

E) Investments balances outstanding

Particulars	As at 31 March 2012	As at 31 March 2011
LIC Nomura MF Liquid Fund	959,519,873	1,035,567,376

F) Payments to key management personnel

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
Gross salary	1,364,582	1,713,664
Employers contribution to Pension Fund	73,260	146,539
Sodexo coupons	44,720	37,400
News/paper/magazines	2,622	3,096
Car running expenses	14,773	35,702

Note

The above figures do not include provision towards Gratuity and Leave Encashment Liability as separate figure for Directors are not available. As there is no Commission payable to the directors the computation of the profit under section 198 and section 349 of the companies act, 1956 has not been disclosed. Perquisites have been valued in accordance with the provisions contained in the Income Tax Rules,1962.

G) Dividend paid during the year

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
Life Insurance Corporation of India	-	37,125,000
LIC Housing Finance Limited	-	29,475,000
GIC Housing Finance Limited	-	8,400,000

GATALIA & ASSOCIATES MUMBAI CHARTERED ACCOUNTANTS

Notes to financial statements for the year ended 31 March 2012

H) Scheme expenses borne by the Company

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
Expense related to scheme losses & capping of expenses	27,836,241	1,174,140,482

I) Payment to Life Insurance Corporation of India

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
Rent paid for premises	13,164,661	14,289,555
Paid for renovation	-	1,664,220
Paid for Contribution towards Providend Fund & Pension Fund	11,622,161	18,100,144
Contribution to Gratuity for LIC employees	1,851,572	2,398,003
Premium paid for Gratuity policy of AMC employees	60,784	57,388

J) Recoverable expenses for valuation of shares

Particulars	As at 31 March 2012	As at 31 March 2011
LIC Housing Finance Limited	-	14,916,568
GIC Housing Finance Limited	-	9,668,144
LIC HFL Care Homes	-	17,138

K) Fresh issue of shares

Shares issued to Nomura Asset Management Strategic Investment Pte.Ltd.

Particulars	For Year ended 31 March 2012	For Year ended 31 March 2011
No. of Equity Shares	-	1,000
Face Value	-	10,000
Issue Price per share	-	800,000
Amount received	-	800,000,000

L) Amount receivable/payable

Particulars	Recievable		Payable	
	For Year ended 31 March 2012	For Year ended 31 March 2011	For Year ended 31 March 2012	For Year ended 31 March 2011
Life Insurance Corporation of India	1,944,279	1,600,049	-	-
LIC Nomura Mutual Fund	-	-	20,648,489	12,846,663

34 Based on the information available with the Company there are no suppliers who are registered as Micro Small and Medium Enterprises under the Micro Small and Medium Enterprises Development Act, 2006 as at 31 March 2012.

35 As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/loss from continuing operations. In its measurement the Company does not include depreciation and amortization expense, finance costs and tax expense.

36 Previous year comparative

Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its financial statements. During the year ended 31 March, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principals followed for preparation of financials statement, however, it significantly impact presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our report of even date

S.V. Ghatalia & Associates

For S.V. Ghatalia & Associates
Firm Registration No : 103162W
Chartered Accountants

per Amit Kabra
a Partner
Membership No.94533

Date : 21 June 2012
Place : Mumbai

For and on behalf of board of directors of
LIC NOMURA Mutual Fund Assets Management Company Limited

Chairman | **Chief Executive Officer** | **Director**

Company Secretary | **Deputy General Manager**

Date : 21 June 2012
Place : Mumbai

MUMBAI