DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Nineteenth 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, 2013.

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

Particulars	Year ended 31/03/2013 (₹ in lakh)	Year ended 31/03/2012 (₹ in lakh)
Income	4,465.77	3,671.91
Expenditure	3,983.44	4,561.53*
Gross Profit / (Loss) [PBDIT]	482.33	(889.62)*
Less:(i) Depreciation	398.26	326.62
(ii) Finance Costs	0.62	0.50*
(iii) Provision for Tax	-	-
(iv)Deferred Tax Liability/(Asset)	-	2806.64
Net Profit / (Loss)	83.45	(4,023.38)
Add: Balance brought forward	(1,744.62)	2,278.76
Profit Available for Appropriation	(1,661.18)	(1,744.62)
Appropriation		
Proposed Dividend	-	-
Tax on dividend	-	-
Transfer to General Reserve	-	-
Balance carried forward	(1,661.18)	(1,744.62)

- Previous year figures are re-grouped.

Review of Performance

The total income during the financial year 2012-13 has gone up to Rs. 4,465.77 lakh from Rs. 3,671.91 lakh during last year. 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 Rs 2,692.45 lakh, in view of reduced management fee rate in some schemes and reduction of AUM in Equity Schemes.

The Average Asset Under Management (AAUM) of the Fund stood at Rs. 6112.16 crore as on close of 31st March 2013 with a market share of 0.86% (Mutual Fund Industry's AAUM Rs 7,11,137.38 crore). There are 36 ongoing schemes as on March 31, 2013 and LIC Nomura MF AMC Ltd. has mobilized a sum of Rs 35,590.78 crore from all live schemes.

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 3, 21,491

During the year LIC Nomura MF AMC Ltd. merged one Area Office at Gurgaon with Area Office at New Delhi taking the total number of Area Offices to 28.

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

Although the company has made a net profit of Rs 83.45 lakh this year as against loss of Rs 4023.38 lakh last year, your directors express their inability to recommend any dividend for the year under review, in view of marginal and negligible profit, rather carried forward the profit for next 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 36 ongoing schemes as on March 31, 2013. During the year under review, your Company has mobilized a sum of Rs 35, 590.78 crores from all live schemes. The market share of the Fund is 0.86 % as on March 31, 2013.

Awards

LIC Nomura Mutual Fund Liquid Fund has bagged CRISIL Mutual Fund Rank 1 under CRISIL MF Ranking for the quarter ending Mar 2013.

<u>FUTURE OUTLOOK OF THE FUND</u>

The Asset Management Company with the consent of the boards has taken steps to further improve the efficiencies in the business. The streamlining of NAV computation, strengthening of various functions in line with the Mutual fund industry has helped in the growth of business.

The regulator has also guided and supported in permitting new schemes and also the merger of four equity funds. Our scheme RGESS was launched by the honorable Finance minister along with few other fund house schemes.

The fund house also has taken initiatives to improve public relations and media coverage with success.

General Economic Trend

- India's Gross Domestic Product (GDP) growth in Q3FY13 was at 4.5%, as against the expectation of about 5%.
- India's Wholesale Price Index (WPI) rose a slower-than-expected 5.96% in March 2013.
- Index of Industrial Production (IIP) for January 2013 came at 2.4%, as against (-) 0.60% in December 2012.
- India's Current Account Deficit (CAD) which has touched a high of 6.7% in the October-December quarter of last fiscal remains a cause of concern.

- Broad range of Brent Oil in last few months was from Rs. 98 to Rs. 120.

Business Prospects:

Equity :

The benchmark indices gave positive returns during FY2012-2013 with Nifty up 7.3% and Sensex gaining 8.2%. The Indian economy saw one of its slowest periods of growth in nearly a decade. India's GDP grew just 5.5 and 5.3 percent in the first two quarters of the 2012–2013 fiscal year, prompting the Central Statistical Organization to lower its growth estimate to a meager 5.0 percent for the year as a whole. However, economy is showing early signs of a recovery, suggesting that the worst may be over.

Sector-wise, FMCG, Pharmaceuticals and IT sectors were among the top performers; while Metal, Infrastructure and Capital goods disappointed in 2012-2013.

Index	Closed on 30/03/2012	Closed on 28/03/2013	Percentage change
Nifty	5295.6	5682.6	7.3
Sensex	Top of Form 17404.2Bottom of Form	Top of Form 18835.8Bottom of Form	8.2

While foreign direct investments have declined in the first three quarters of 2012–2013 compared to the previous year, foreign portfolio investments have registered a healthy increase. FIIs were net buyers to the tune of Rs 1477bn in Indian equities in FY2013.

Debt :

- RBI infused Rs. 67,185 crore in the repo auction & absorbed Rs. 6,020 crore in the reverse repo auction on 28 March 2013.
- PSU banks issued 3 months and 1 year CD in the range of 8.70% - 8.90% and 9.50% - 9.60% respectively.
- The INR/$ closed at Rs 54.3893 as on 28 March 2013.
- The 10 year bond (8.15% GS 2022) ended at 7.95% as on 28 March 2013.
- Key policy rates, viz., Repo & Reverse Repo rate stood at 7.50% & 6.50% respectively.
- Other Policy rates like CRR stood at 4.00% and SLR at 23.00%

Key Features of Budget 2013-2014

- The Rajiv Gandhi Equity Saving Scheme (RGESS) is liberalised to enable first time retail investors to invest in mutual funds and listed shares and not in one year alone, but for three successive years. Also, the limit for investors wanting to invest in RGESS has been raised to Rs 12 lakh from Rs 10 lakh earlier. The government has also proposed to include the listed units of 'equity oriented fund' under the purview of RGESS.
- No change in personal tax slabs has been made. Tax Credit of Rs 2000 is to be given to every person who has a total Income Upto Rs 5 lakhs.
- Surcharge of 10% on person, whose income is above Rs. 1 crore, has been imposed.

- Surcharge on domestic companies (whose income exceeds Rs. 10 crore p.a.), has been increased from 5% to 10%. Likewise, surcharge on foreign companies has been increased from 2% to 5%.
- Increase in surcharge from 5% to 10% on Dividend Distribution Tax, has been made.
- Reduction in Securities Transaction Tax (STT) has been made.
- Introduction of Commodities Transaction Tax (CTT) on non agricultural commodities futures contracts, is proposed at the same rate as of STT.
- There is no change in peak rate of basic custom duty of 10% on non agricultural products. Likewise, there is no change is Excise Duty of 12% and Service Tax of 12%.
- Concern was expressed over rising CAD, due to excessive dependence on oil imports. It was said that this year & perhaps next year too, the country will have to find over 75 billion US dollars to finance the CAD. For this, three ways were suggested viz., FDI, FII & ECB. It was stated that the foreign investment is an imperative & the policies will be to encourage the foreign investment to achieve the economic objectives.
- The government redeemed its promise to bring down the fiscal deficit to 3% & revenue deficit to 1.5% by 2016-17.

Outlook

- As a result of QEs (Quantitative Easings) and LTRO (Long Term Refinancing Operations) by developed economies, investors are rushing into emerging economies in search of higher yields.
- India's inclusive growth story remains intact. At the same time, 'optimism with caution' is the undertone of the market, in wake of global uncertainties.
- Low GDP number and low IIP number coupled with low inflation has increased the possibility of rate cut by RBI in monetary policies to come in this 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, 2013 your Company has nine Directors. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Aditya Narayan, Prof Marti G. Subrahmanyam and Shri T. S. Vishwanath, Directors of the Company retire by rotation at this Annual General Meeting. Prof. Marti G Subrahmanyam and Shri T S Vishwanath, being eligible, offer themselves for re-appointment, however Shri Aditya Narayan has expressed his unwillingness for reappointment.

During the year, your Directors appointed Shri Hajime Kurozu/Shri Takashi Saruta as Nomura Nominee Director in place of Shri Vikas Sharma/Shri Yugo Ishida and resignation of Shri A N Kumar Raj, Independent Director, was accepted by the Board, who expressed to pursue total retirement for all activities of the temporal world.

In 2013-2014 till date, the following appointment /cessation to/from the Board have taken place:-

i) Shri Hajime Kurozu, Nomura Nominee Director appointed in place of Shri Vikas Sharma.

ii) Shri Kailash Kumar Bang, appointed as Independent Director, to fill casual vacancy arising out of vacation of office by Shri A N Kumar Raj , independent director (who was to retire by rotation next year).

iii) Shri D. K. Mehrotra, LIC Nominee Director and Chairman of the AMC ,resigned, pursuant to his retirement as Chairman, LIC of India on 31/05/2013.

iv) Shri Aditya Narayan, Independent Director, resigned in view of his unwillingness to seek reappointment on his retirement in the forthcoming AGM.

v) Shri Takashi Saruta, Nomura Nominee Director appointed in place of Shri Yugo Ishida.

The Board wishes to place on record valuable contributions made to the Company by the Directors, who ceased during the year and till date, during their tenure and welcome new Directors on the Board.

Directors appointed during the year and till date hold office upto the date of forthcoming Annual General Meeting, except Shri Kailash Kumar Bang who was appointed to fill casual vacancy arising out of vacation of office by Shri A N Kumar Raj , independent director (who was to retire by rotation next year) . Notices in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit have been received from members proposing their candidatures as Directors of the Company, liable to retire by rotation.

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 4 times.

Auditors

The auditors M/s S V Ghatalia & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their unwillingness to be re-appointed. Therefore, the Board recommends the appointment of M/s Price Waterhouse, Chartered Accountants, Mumbai, (Registration Number 301112E) subject to receipt of confirmation from them stating their willingness to accept offer, if appointed.

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 seven 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., and Nomura Asset Management Strategic Investments Pte. Ltd., Auditors, SEBI 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	**Hajime Kurozu**
Director & CEO	**Director**

Place: Mumbai
Date: 20/06/2013

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of LIC Nomura Mutual Fund Asset Management Company Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 2013; and

b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

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

   b. 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;

   c. The Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which cess is to be paid under section 441 of the Companies Act, 1956, nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For S.V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W

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per Amit Kabra
Partner
Membership Number: 94533
Place: Mumbai
Date: 20 June 2013

Annexure referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company 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 there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.

(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 of the Company 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) Undisputed statutory dues including provident fund, income-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities, *though there have been slight delays in payment of service tax for March 2013.*

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.

(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.

Further, since the Central Governent has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(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 and it has not incurred cash losses in the current year but incurred cash losses in the 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/trading 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 others from banks or financial institutions.

(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.

(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.

For S.V. Ghatalia & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 103162W

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per Amit Kabra
Partner
Membership Number: 94533
Place: Mumbai
Date: 20 June 2013

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

BALANCE SHEET

	Notes	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Equity and liabilities			
Shareholder's Funds			
Share capital	3	110,000,000	110,000,000
Reserves and surplus	4	1,143,522,345	1,135,177,764
Non-current liabilities			
Other long-term liability	6	8,235,926	8,533,129
Long -term provisions	7	54,621,140	38,487,477
Current liabilities			
Trade payable	5	39,746,618	49,465,289
Other current liabilities	8	2,995,756	1,145,003
Short -term provisions	7	1,957,255	5,576,757
TOTAL		**1,361,079,040**	**1,348,385,419**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	14	38,523,256	55,506,612
Intangible assets	15	35,684,159	52,747,423
Intangible assets under development		335,000	1,320,000
Non-current investments	9	-	10,000,000
Long-term loans and advances	10	216,242,540	232,434,839
		290,784,955	352,008,874
Current assets			
Current investments	12	1,011,908,155	959,519,873
Trade receivable	11.1	33,664,728	19,052,078
Cash and cash equivalents	13	18,158,805	5,218,277
Short-term loans and advances	10	6,541,754	12,565,729
Other current assets	11.2	20,643	20,588
		1,070,294,085	996,376,545
TOTAL		**1,361,079,040**	**1,348,385,419**
Summary of significant accounting policies	**2**		

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

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

per Amit Kabra
Partner
Membership No.94533

Date : June 20, 2013
Place : Mumbai

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

Chief Executive Officer **Director**

Company Secretary **Deputy General Manager**

Date : June 20, 2013
Place : Mumbai

LIC NOMURA MUTUAL FUND

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

STATEMENT OF PROFIT AND LOSS

	Notes	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
		₹	₹
Income			
Revenue from operations (net)	16	269,245,121	337,642,393
Other income	17	177,332,293	29,548,612
Total revenue (I)		**446,577,414**	**367,191,005**
Expenses			
Employee benefits expense	18	211,165,444	174,368,292
Other expenses	19	187,178,644	281,784,973
Total (II)		**398,344,088**	**456,153,265**
Earnings before interest, tax, depreciation and amortization (EBITDA) (I)-(II)		48,233,326	(88,962,260)
Depreciation & amortisation expenses	20	39,826,007	32,662,266
Finance costs	21	62,738	49,580
Profit/(Loss) before tax		**8,344,581**	**(121,674,106)**
Tax expenses			
Current tax		-	-
Deferred tax (refer note 30)		-	280,663,822
Total tax expense		-	280,663,822
Profit/(loss) for the year		**8,344,581**	**(402,337,928)**
Earning per equity share (nominal value of shares ` 10000) (31 March 2012 : ` 10000)	22		
Basic/Dilutive			
Computed on the basic of profit from continuing operations		759	(36,576)
Computed on the basic of total profit for the year		759	(36,576)
Summary of significant accounting policies	2		

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

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

per Amit Kabra
Partner
Membership No.94533

Date : June 20, 2013
Place : Mumbai

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

Chief Executive Officer **Director**

Company Secretary **Deputy General Manager**

Date : June 20, 2013
Place : Mumbai

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

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 April 20, 1994.

On January 18, 2011, transfer of 1,730 fully paid up equity shares from LIC Housing Finance Limited and 1,120 fully paid up equity shares from GIC Housing Finance Limited and issuance and allotment of 1,000 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 January 18, 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.

Summary of significant accounting policies

(a) 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.

(b) 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.

(c) 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%

(d) 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.

(e) 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.

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.

(f) Revenue recognition

i) Fees from mutual fund operations

Investment management fees are recognized net of service tax on accrual basis after deducting the actual and estimated expenses from the total expense accruals in the scheme books, such that it does not exceed the rates prescribed by the Securities and Exchange Board of India ('SEBI') (Mutual Fund) Regulations, 1996, on an annual basis. With effect from October 1, 2012, the sub cap on management fees has been removed.

ii) Fees from rendering Portfolio management services:

Portfolio management fees are recognized net of service tax on accrual basis, in accordance with the terms of agreement with respective clients.

iii) Fees from advisory services:

Revenue from advisory services is recognized net of service tax based on the stage of completion of assignments and terms of agreement with the client.

iv) Investment income:

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

v) 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.

(g) 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.

(h) 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.

(i) Retirement and other employee benefit

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.

Gratuity liability is a defined benefit plan and is determined on the basis of actuarial valuation using the projected unit credit method, at each year-end. The Company has purchased the group gratuity policy from LIC Pension & Group Scheme department in respect of AMC employees. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(j) 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.

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.

(k) 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.

(l) 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.

(m) 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.

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

3 Share capital

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
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

	As at March 31, 2013		As at March 31, 2012	
	No.	₹	No.	₹
At the beginning of the period	11,000	110,000,000	11,000	110,000,000
Issued during the period	-	-	-	-
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.

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 preferential 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

	As at March 31, 2013		As at March 31, 2012	
	No.	% holding in the class	No.	% holding in the class
Equity shares of ₹ 10,000/- each fully paid				
Life Insurance Corporation of India and its nominees	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

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Securities premium account		
Balance as per last financial statements	790,000,000	790,000,000
Add: premium on fresh issue of shares	-	-
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	(174,462,236)	227,875,692
Profit /(Loss) for the year	8,344,581	(402,337,928)
Closing Balance	(166,117,655)	(174,462,236)
Total reserves and surplus	**1,143,522,345**	**1,135,177,764**

5 Trade payables

	Long-term As at March 31, 2013 ₹	Long-term As at March 31, 2012 ₹	Short-term As at March 31, 2013 ₹	Short-term As at March 31, 2012 ₹
Micro and small enterprise	-	-	-	-
Others	-	-	39,746,618	49,465,289
	-	**-**	**39,746,618**	**49,465,289**

6 Other long-term liability

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Other provisions		
Provision for lease rent escalation	5,119,361	5,416,564
Provision for contingencies	3,116,565	3,116,565
	8,235,926	**8,533,129**

7 Provisions

	Long-term As at March 31, 2013 ₹	Long-term As at March 31, 2012 ₹	Short-term As at March 31, 2013 ₹	Short-term As at March 31, 2012 ₹
Provision for employee benefits				
Provision for gratuity	14,231,283	8,652,692	-	4,000,000
Provision for leave benefits	40,389,857	29,834,785	1,957,255	1,576,757
	54,621,140	**38,487,477**	**1,957,255**	**5,576,757**

8 Other current liabilities

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Other liabilities		
TDS payable	795,940	663,208
Service tax payable	2,199,816	481,795
	2,995,756	**1,145,003**

9 Non-current investments

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Non trade investment in bond (at cost)		
Quoted		
Nil units (previous year 100 units) 6.85 % India Infrastructure Finance Company Limited (IIFCL) Tax Free Bonds (Market Value ₹ Nil (previous year ₹ 9,503,217))	-	10,000,000
Total long term investments	**-**	**10,000,000**

10 Loans and advances

	Non-current As at March 31, 2013 ₹	Non-current As at March 31, 2012 ₹	Current As at March 31, 2013 ₹	Current As at March 31, 2012 ₹
Security deposit				
Unsecured, considered good	946,912	997,996	-	-
Provision for doubtful security deposit	-	-	-	-
(A)	946,912	997,996	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	4,347,751	8,443,778
(B)	-	-	4,347,751	8,443,778
Other Loans and advances				
Advance income-tax (net of provision)	215,295,628	231,436,843	-	-
Prepaid expenses	-	-	2,194,003	4,121,951
(C)	215,295,628	231,436,843	2,194,003	4,121,951
Total (A)+(B)+(C)	**216,242,540**	**232,434,839**	**6,541,754**	**12,565,729**

Notes to financial statements for the year ended March 31, 2013

11 Trade receivables and other assets

11.1 Trade receivables

	Non-current		Current	
	As at March 31, 2013 ₹	As at March 31, 2012 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Outstanding for a period more than six months from the date they are due for payment	-	-	-	-
Other receivable				
Unsecured, considered good	-	-	33,664,728	19,052,078
	-	**-**	**33,664,728**	**19,052,078**

11.2 Other assets

	Non-current		Current	
	As at March 31, 2013 ₹	As at March 31, 2012 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Others				
Interest accrued on investments	-	-	20,643	20,588
	-	**-**	**20,643**	**20,588**

12 Current investments

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Current portion of long term investments (Valued at cost)		
(Quoted)		
Investment in Bonds	10,000,000	-
100 units (previous year Nil units) 6.85 % India Infrastructure Finance Company Limited (IIFCL) Tax Free Bonds (Market Value ₹ 9,816,330 as on March 28, 2013 (previous year ₹ Nil))		
(At lower of cost or net asset value)		
(Unquoted)		
Investment in Mutual Fund	1,001,908,155	959,519,873

Plan	As at March 31, 2013		As at March 31, 2012	
	Units	Market Value	Units	Market Value
LIC N MF Liquid Fund-Growth (NAV ₹2,128.0835 (previous year ₹19.5193))	83,537.3529	177,774,462	53,838,371.3230	1,050,884,321
LIC N MF Liquid Fund-Direct (NAV ₹2,128.2749 (previous year ₹NIL))	395,203.7450	841,102,211	-	-
	478,741.0979	**1,018,876,673**	**53,838,371.3230**	**1,050,884,321**

	As at March 31, 2013 ₹	As at March 31, 2012 ₹
	1,011,908,155	**959,519,873**

13 Cash and cash equivalents

	Non-current		Current	
	As at March 31, 2013 ₹	As at March 31, 2012 ₹	As at March 31, 2013 ₹	As at March 31, 2012 ₹
Cash and cash equivalents				
Balances with banks on current accounts	-	-	18,158,805	5,212,622
Cash on hand	-	-	-	5,655
	-	**-**	**18,158,805**	**5,218,277**

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

14 Tangible assets

Tangible assets	Plant and equipment ₹	Furniture and fixtures ₹	Vehicles ₹	Leasehold Improvements ₹	Office equipments ₹	Total ₹
	(Refer Sub Note: 4)	(Refer Sub Note: 1,2,3)		(Refer Sub Note: 2,5)	(Refer Sub Note: 2)	
Cost or valuation						
At 1 April 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						-
Classification adjustments	(401,130)	(7,179,834)	-	6,843,913	335,921	(401,130)
Other adjustments	-	(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
Additions	380,450	277,791	-	47,300	339,332	1,044,873
Disposals	-	-	-	-	-	-
other adjustments	-	-	-	-	-	-
Classification adjustments	-	-	-	-	-	-
Other adjustments	-	-	(468,224)	-	-	(468,224)
At 31 March 2013	51,191,115	4,690,829	7,092,484	25,609,101	5,787,871	94,371,400
Depreciation						
At 1 April 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	-	-	-	-	-	-
Classification adjustments	(387,770)	(1,413,251)	-	1,364,274	48,977	(387,770)
Other adjustments	-	(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
Charge for the year	11,927,109	384,431	1,457,516	3,595,621	585,066	17,949,743
Disposals	-	-	-	-	-	-
other adjustments	-	-	-	-	-	-
Classification adjustments	-	-	(389,738)	-	-	(389,738)
At 31 March 2013	31,968,168	2,894,036	4,784,924.00	13,831,719	2,369,297	55,848,144
Impairment loss						
Net Block						
At 31 March 2012	**30,769,606**	**1,903,433**	**3,843,562**	**15,325,703**	**3,664,308**	**55,506,612**
At 31 March 2013	**19,222,947**	**1,796,793**	**2,307,560**	**11,777,382**	**3,418,574**	**38,523,256**

15 Intangible assets

Intangible assets	Computer software ₹
	(Refer Sub Note: 4)
Cost or valuation	
At 1 April 2011	15,041,698
Purchase	65,197,585
Classification adjustments	401,130
At 31 March 2012	80,640,413
Purchase	4,813,000
Classification adjustments	-
At 31 March 2013	85,453,413
Amortization	
At 1 April 2011	12,480,930
Charge for the year	15,024,289
Classification adjustments	387,771
At 31 March 2012	27,892,990
Charge for the year	21,876,264
Classification adjustments	-
At 31 March 2013	49,769,254
Net Block	
At 31 March 2012	**52,747,423**
At 31 March 2013	**35,684,159**

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

Sub Note: 1

Asset aggregating to ₹ Nil (previous year ₹ 6,843,913) (gross block) and ₹ Nil (previous year ₹ 1,364,274) accumulated depreciation as at April 1, 2012 have been reclasiffied from furnitures and fittings to leasehold improvements.

Sub Note: 2

Gross block of ₹ Nil (previous year ₹ 120,372) and accumulated excess depreciation of ₹ Nil (previous year ₹ 19,198) 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 ₹ Nil (previous year ₹ 101,174) between gross block value and accumulated depreciation represents excess depreciation charged in earlier years.

Sub Note: 3 ,

Asset aggregating to ₹ Nil (previous year ₹ 335,921 (gross block)) and ₹ Nil (previous year ₹ 48,977) accumulated depreciation as at April 1, 2012 have been reclasiffied from furnitures and fittings to office equipments.

Sub Note: 4

Asset aggregating to ₹ Nil (previous year ₹ 401,130 (gross block)) and ₹ Nil (previous year ₹ 387,771) accumulated depreciation as at April 1, 2011 have been reclasiffied from computers to computer software

Sub Note: 5

Depreciation includes ₹ Nil (previous year ₹ 12,40,442) pertaining to earlier years

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

16 Revenue from operations (net of service tax)

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Management fees from Mutual Fund (Service tax `27,689,269 previous year `33,204,110)	224,023,217	322,369,324
Portfolio management fees (Service tax `21,95,309 previous year `1,573,127)	17,761,404	15,273,069
Advisory fees (Service tax `3,394,118 previous year `NIL)	27,460,500	-
	269,245,121	**337,642,393**

17 Other income

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Interest on long term investment	685,000	685,000
Interest on income tax refund	10,437,068	3,370,726
Profit on sale of mutual fund units	164,888,282	14,952,497
Excess tax provision written back	-	8,155,856
Other non-operating income	1,321,943	2,384,533
	177,332,293	**29,548,612**

18 Employees cost

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Salaries, allowances and bonus	168,129,327	124,421,104
Staff welfare	14,658,856	12,593,907
Contribution to provident and other funds	7,385,932	5,811,082
Leave encashment	13,359,457	21,380,679
Gratuity (refer note 32)	7,631,872	10,161,520
	211,165,444	**174,368,292**

19 Other expenses

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Rent	19,192,496	21,026,312
Rates, taxes for premises	3,689,653	4,125,183
Electricity expenses	6,814,674	4,838,546
Repair and maintenance	1,176,284	863,680
Insurance	1,371,807	1,375,477
Commission/incentive to agents	54,832,861	87,912,213
Legal charges	101,746	818,845
Professional fees	17,980,118	6,424,293
Publicity expenses	6,566,655	74,598,402
Professional tax	15,966	11,215
Directors sitting fees	175,000	275,000
Board meeting expenses	1,715,067	2,669,055
Payment to auditors (refer notes 29)	565,568	485,192
Other operating expenses	6,246,247	4,773,127
Travelling & conveyance	9,939,077	10,624,706
Printing & stationery	2,783,235	2,593,272
Computer charges	13,436,629	12,856,662
Seminar/meeting/conference expenses	2,764,772	3,282,352
Office maintenance	7,571,379	5,537,421
Telephone charges	7,809,084	5,611,603
Communication charges/Networking Charges	7,189,891	728,808
Postage, telegram, couriers	2,935,506	2,517,368
Scheme related expenses (refer note 23)	12,304,929	27,836,241
	187,178,644	**281,784,973**

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

20 Depreciation & amortization expense

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Depreciation of tangible assets (refer note 14)	17,949,743	17,637,977
Amortisation of intangible assets (refer note 15)	21,876,264	15,024,289
	39,826,007	**32,662,266**

21 Finance costs

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Interest delayed for payment of tax	42,262	21,581
Bank charges	20,476	27,999
	62,738	**49,580**

22 Earning per share (EPS)

	For the year ended March 31, 2013 ₹	For the year ended March 31, 2012 ₹
Continuing operations		
Profit /(Loss) after tax	8,344,581	(402,337,928)
Less: Dividends on convertible preference shares & tax thereon	-	-
Profit/(Loss) Loss for calculation of basic EPS	**8,344,581**	**(402,337,928)**
	No. of Shares	**No. of Shares**
Weighted average number of equity shares in calculating basic EPS	11,000	11,000
	For the year ended March 31, 2013 ₹	**For the year ended March 31, 2012 ₹**
Basic/Dilutive EPS	759	(36,576)

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

23 Scheme related expenses

The total recurring expenses relating of schemes of LIC NOMURA Mutual Fund in excess of limits prescribed by the Securities and Exchange Board of India Regulations of ₹ 12,304,929 (Previous year ₹ 27,836,241) are charged to the Statement of Profit and Loss of the Company and disclosed under the head Other expenses as Scheme related expenses.

24 Capital commitments

Particulars	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital account and not provided for	40,000	2,855,000

25 Claims against the Company not acknowledged as debts

Income tax demands aggregating to ₹ 7,428,493 (previous year ₹ 5,000,000) comprise demands raised under section 271(1)(c) of the Income Tax Act, 1961. These pertain to the financial year 2004-05 and 2008-09, and relate to the indexation benefit claimed on sale of mutual fund units. The matter is pending hearing before the Commissioner of Income tax (Appeals) and Income Tax Appellate Tribunal. The company is contesting the demands and the management, including its tax advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operation.

26 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 2013	As on 31 March 2012
1)	Assumption		
	Discount Rate	8.22%	8.60%
	Salary Escalation	12.00%	12.00%
2)	**Expenses recognized in statement of profit and loss**		
	Current service cost	3,049,454	2,919,766
	Interest cost	1,352,657	694,350
	Expected return on plan assets	(464,443)	(304,111)
	Net actuarial (gain)/ loss recognized in the year	853,227	4,592,466
	Expenses recognized in statement of profit and loss	4,790,895	7,902,471
3)	**Amounts to be recognized in the balance sheet**		
	Present value of obligations as at the end of the year	20,797,492	15,930,511
	Fair value of plan assets as at the end of the year	7,353,905	3,277,819
	Funded Status	(13,443,587)	(12,652,692)
	Net asset/(liability) recognized in balance sheet	(13,443,587)	(12,652,692)
4)	**Changes in present value of obligation**		
	Present value of obligation as at beginning of the year	15,930,511	8,415,215
	Interest cost	1,352,657	694,350
	Current service cost	3,049,454	2,919,766
	Benefits paid	(403,874)	(682,757)
	Actuarial (gain)/ loss on obligations	868,744	4,583,937
	Present value of obligation as at end of the year	20,797,492	15,930,511
5)	**Changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	3,277,819	3,664,994
	Expected return on plan assets	464,443	304,111
	Contributions	4,000,000	-
	Benefits paid	(403,874)	(682,757)
	Actuarial gain/(loss) on plan assets	15,517	(8,529)
	Fair value of plan assets at the end of year	7,353,905	3,277,819

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

The Company expects to contribute ` 4,000,000 to gratuity in the next year (previous year ₹ 12,652,692)

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.

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

Gratuity	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation	20,797,492	15,930,511	8,415,215	4,444,886	2,919,567
Plan assets	7,353,905	3,277,819	3,664,994	3,662,267	3,355,261
Surplus / (deficit)	(13,443,587)	(12,652,692)	(4,750,221)	(782,619)	435,694
Experience adjustments on plan liabilities	(868,744)	(4,583,937)	(3,310,134)	(1,061,928)	(242,484)
Experience adjustments on plan assets	(15,517)	8,529	-	-	-

27 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.

28 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 ₹ 19,192,496 (Previous Year ₹ 21,026,312).

Lease obligations	For year ended March 31,2013	For year ended March 31,2012
Not later than one year	17,373,619	17,220,232
Later than one year but not later than five year	46,584,928	50,555,357
Later than 5 years	12,710,412	11,462,469
Total	**76,668,959**	**79,238,058**

29 Auditors remuneration (excluding service tax)

Particulars	For year ended March 31,2013	For year ended March 31,2012
Statutory Audit	470,000	400,000
Tax Audit	80,000	70,000
Out of pocket expense	15,568	15,192
Total	**565,568**	**485,192**

30 Deferred tax asset

The components of Deferred Tax Asset/Liability are as under:

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred Tax Liabilities		
Timing differences on depreciation of fixed asset	8,984,227	17,101,957
Timing differences on expenses	101,019	-
Total	**9,085,246**	**17,101,957**
Deferred Tax Assets		
Timing differences on expenses	-	697,918
Disallowance u/s 43B of Income Tax Act, 1961	3,924,490	8,154,008
Unabsorbed losses and allowances	404,049,452	335,942,940
Timing differences on disallowance of professional fees as per assessment order	-	278,339
Total	**407,973,942**	**345,073,205**
Deferred Tax Assets recognised to the extent of Liability	**9,085,246**	**17,101,957**
Net Deferred Tax Asset/(Liabilities)	**-**	**-**

No deferred tax asset has been recognized on carry forward losses and unabsorbed depreciation, in absence of virtual certainty of realization of such assets.

31 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. (NAM)	Associate
Key Management Personnel	Mr. N Mohan Raj, Chief Executive officer, LIC NOMURA MF AMC LTD. (till 2nd May, 2012) Mr.Nilesh Sathe, Chief Executive Officer, LIC NOMURA MF AMC Ltd. (w.e.f April 18, 2012)

Names of 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
Nomura Asset Management Singapore Limited	Wholly owned subsidiary of NAM

A) Management fees income

Receipt of Management fee	For year ended March 31,2013	For year ended March 31,2012
LIC Nomura Mutual Fund	224,023,217	322,369,324
Nomura Asset Management Singapore Limited	27,460,500	-
Total	**251,483,717**	**322,369,324**

B) Management fees receivable

Receivable From	As at March 31, 2013	As at March 31, 2012
LIC Nomura Mutual Fund	21,857,894	7,887,396

C) Investment in LIC Nomura Mutual Fund schemes & redemption in LIC Nomura Mutual Fund schemes

Particulars	For year ended March 31,2013	For year ended March 31,2012
Investments	941,000,000	172,000,000
Redemptions	1,063,500,000	248,047,503
Total	**2,004,500,000**	**420,047,503**

D) Profit on sale of mutual fund units

Particulars	For year ended March 31,2013	For year ended March 31,2012
LIC Nomura Liquid Fund	164,888,281	14,952,497

E) Investments balances outstanding

Particulars	As at March 31, 2013	As at March 31, 2012
LIC Nomura Liquid Fund	165,908,154	959,519,873
LIC Nomura Liquid Fund (Direct)	836,000,000	-
Total	**1,001,908,154**	**959,519,873**

F) Payments to key management personnel

Particulars	For year ended March 31,2013	For year ended March 31,2012
Gross salary	1,497,311	1,364,582
Employers contribution to Pension fund	77,755	73,260
Sodexo coupons	17,300	44,720
News/paper/magazines	3,706	2,622
Car running expenses	81,613	14,773
Total	**1,677,685**	**1,499,957**

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.

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2013

G) Scheme expenses borne by the Company

Particulars	For year ended March 31,2013	For year ended March 31,2012
Expense related to scheme losses & capping of expenses	12,304,929	27,836,241

H) Payment to Life Insurance Corporation of India

Particulars	For year ended March 31,2013	For year ended March 31,2012
Rent paid for premises	14,821,859	13,164,661
Contribution towards Provident Fund & Pension Fund	7,385,932	11,622,161
Contribution to Gratuity for LIC employees	1,950,630	1,851,572
Premium paid for Gratuity policy	154,186	60,784
Total	**24,312,607**	**26,699,178**

I) Amount receivable/payable

Particulars	Receivable		Payable	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Life Insurance Corporation of India	1,235,934	1,944,279	-	-
LIC Nomura Mutual Fund	21,901,603	-	11,550,363	20,648,489
Total	**23,137,537**	**1,944,279**	**11,550,363**	**20,648,489**

32 In respect of employees deputed from Life Insurance Corporation of India ("LIC"), gratuity expense is recorded as per terms agreed with LIC. Short term compensated absences are measured at the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

33 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 March 31, 2013.

34 The Company has a comprehensive system of maintenance of information and documents required by transfer pricing legislation under section 92-92F of the Income Tax Act, 1961. Based on the information and available documents the Company is of the view that all international transactions are at arm's length and hence the above legislation will not have any material impact on the financial statements, particularly on the amount of tax expense and that of provision for taxes.

35 The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

36 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.

37 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.

38 Previous year figures have been regrouped where necessary to conform to current year's classification.

As per our report of even date

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

per Amit Kabra
Partner
Membership No.94533

Date : June 20, 2013
Place : Mumbai

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

Chief Executive Officer **Director**

Company Secretary **Deputy General Manager**

Date : June 20, 2013
Place : Mumbai