INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LIC NOMURA ASSET MANAGEMENT COMPANY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of LIC Nomura **Asset Management Company Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of internal financial control that are operating effectively for ensuing the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and the matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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

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statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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 of the state of affairs of the Company as at March 31, 2015, its profits/losses, and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e. On the basis of written representations received from the directors as on 31st March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

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f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position as at March 31, 2015 – refer Note 26 to the Financial Statements

ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 for which there were any material foreseeable losses; and

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

For M. P. Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W

M. P. CHITALE & CO.
1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.
CHARTERED ACCOUNTANTS

V.V. Barje

Vidya Barje
Partner
M. No. 104994

Mumbai
Date: 31-08-2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its Fixed Assets

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

(b) The fixed assets have been physically verified by the management at reasonable intervals.

(ii) The Company's business does not involve inventories and accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly the provisions of clause 3(iii)(a) and (b) 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 for rendering of services. During the course of our audit, we have not observed any weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The activities of the Company do not involve purchase of inventory and sale of goods.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.

(vi) To the best of our knowledge and as explained, Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013.

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(vii) (a) Undisputed statutory dues including Provident Fund, Income-tax, service tax, Cess and any other material statutory dues have been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed dues in respect of Provident Fund, Income-tax, service tax, Cess and any other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they become payable.

(c) According to the records of the Company, the dues outstanding of Income-tax, service tax and Cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount in Rupees	Period to which it relates	Forum where the dispute is pending
The Income Tax Act, 1961	Penalty	Rs.15,08,486/-	2009-2010	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax including interest as applicable	Rs.12,15,99,225/-	2010-2011	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax including interest as applicable	Rs.25,47,69,830/-	2011-2012	Commissioner of Income Tax-Appeals
The Income Tax Act, 1961	Income Tax including interest as applicable	Rs.1,15,97,196/-	2012-13	Commissioner of Income Tax-Appeals

(d) The company is not required to transfer any amount to Investor Education Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and the rules made thereunder.

(viii) The company has no accumulated losses at the end of the financial year. It has incurred cash losses in the current as well as immediately preceding financial year.

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(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that that the company has not defaulted in repayment of dues to financial institution or bank. The company has not issued any debentures.

(x) 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.

(xi) According to the information and explanations given to us, the company did not have any term loans outstanding during the year.

(xii) 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 year.

For M. P. Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W

M. P. CHITALE & CO.
1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.
CHARTERED ACCOUNTANTS

V. V. Barje

Mumbai
Date: 31-08-2015

Vidya Barje
Partner
M. No. 104994

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Balance Sheet

Amount in ₹

Particulars	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	4	110,000,000	110,000,000
Reserves and surplus	5	930,034,375	977,219,734
		1,040,034,375	1,087,219,734
NON-CURRENT LIABILITIES			
Other long-term liabilities	6	5,791,681	4,463,952
Long -term provisions	7	18,585,243	71,901,151
		24,376,924	76,365,103
CURRENT LIABILITIES			
Trade payables	8	34,630,389	43,530,048
Other current liabilities	9	2,761,691	9,833,324
Short -term provisions	10	-	50,970
		37,392,080	53,414,342
		1,101,803,379	1,216,999,179
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Tangible assets	11	17,203,627	28,552,962
Intangible assets	12	591,466	14,988,534
Intangible assets under development			
Long-term loans and advances	13	265,484,390	243,651,031
Non-current investments	14	50,000,000	-
		333,279,483	287,192,527
CURRENT ASSETS			
Current investments	15	734,499,985	853,735,552
Trade receivables	16	20,589,282	41,270,870
Cash and bank balances	17	1,303,435	28,017,228
Short-term loans and advances	18	12,131,194	6,783,002
		768,523,896	929,806,652
		1,101,803,379	1,216,999,179
SIGNIFICANT ACCOUNTING POLICIES	3		

The accompanying notes are an integral part of the financial statements

This is the Balance Sheet referred to in our report of even date

For M P Chitale & Co
Chartered Accountants
Firm Registration No : 101851W

V. V. Barje

Vidya Barje
Partner
Membership No. 104994

M. P. CHITALE & CO. 1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

S K Roy
Chairman
DIN: 02503135

S K Mitra
Director
DIN: 00029961

Pawan Baheti
Chief Financial Officer

Sarojini Dikhale
Chief Executive Officer

Mayank Arora
Company Secretary

Place : Mumbai
Date : 31-08-2015

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. * MUMBAI-20

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Statement of Profit and Loss

Amount in ₹

Particulars	Note	Year Ended March 31, 2015	Year Ended March 31, 2014
INCOME			
Revenue from operations	19	345,050,522	278,712,839
Other income	20	143,931,264	87,944,644
Total revenue		488,981,786	366,657,483
EXPENSES			
Employee benefits expense	21	198,281,372	241,474,695
Other expenses	22	306,358,873	251,248,568
Depreciation & amortisation expenses	23	31,526,900	38,428,891
Total Expenses		536,167,145	531,152,154
(LOSS)/PROFIT BEFORE EXCEPTIONAL ITEM, PRIOR PERIOD ITEM AND TAX		(47,185,359)	(164,494,671)
Add: Exceptional items	24	-	10,919,255
Less: Prior period item	25	-	12,727,195
(LOSS)/PROFIT BEFORE TAX		(47,185,359)	(166,302,611)
Tax expenses			
Current tax		-	-
Deferred tax		-	-
(LOSS)/PROFIT FOR THE YEAR		(47,185,359)	(166,302,611)
EARNINGS PER EQUITY SHARE			
Equity shares of par value ₹ 10,000 each			
Basic and Diluted		(4,290)	(15,118)
Number of shares used in computing earnings per share			
Basic and Diluted		11,000	11,000
SIGNIFICANT ACCOUNTING POLICIES	3		

The accompanying notes are an integral part of the financial statements
This is the Statement of Profit & Loss referred to in our report of even date

For M P Chitale & Co
Chartered Accountants
Firm Registration No : 101851W

Vidya Barje
Partner
Membership No. 104994

M. P. CHITALE & CO.
1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

S K Roy
Chairman
DIN: 02503135

S K Mitra
Director
DIN: 00029961

Pawan Baheti
Chief Financial Officer

Sarojini Dikhale
Chief Executive Officer

Mayank Arora
Company Secretary

Place : Mumbai
Date : 31-08-2015

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD.
MUMBAI-20

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Cash Flow Statement

Amount in ₹

Particulars	Year ended March 31,	
		2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax		(47,185,359)
Add/(Less) adjustments for:		
Depreciation and amortization expenses	31,526,900	
Loss/(Profit) on sale of Investments (net)	(86,398,380)	
Loss/(Profit) on sale of fixed assets (net)	(417,179)	
Provision/(write back) for Leave Encashment	(56,534,212)	
Provision for Gratuity	3,167,334	
Provision for Lease Escalation	1,327,729	(107,327,808)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(154,513,167)
Change in assets and liabilities		
(Increase)/Decrease in Current Assets	15,333,396	
(Increase)/Decrease in Loans and Advances	(21,833,359)	
Increase/(Decrease) in Current Liabilities	(15,971,292)	(22,471,255)
NET CASH USED IN OPERATING ACTIVITIES		(176,984,422)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(6,001,836)	
Proceed on sale of fixed assets	638,518	
Investment in liquid mutual fund units	(1,583,000,000)	
Disposal of liquid mutual fund units	1,788,633,947	
Investment in fixed maturity plans	(50,000,000)	
Redemption of fixed maturity plans	-	150,270,629
NET CASH GENERATED BY INVESTING ACTIVITIES		150,270,629
CASH FLOW FROM FINANCIAL ACTIVITIES		-
NET CASH USED IN FINANCING ACTIVITIES		-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(26,713,793)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		28,017,228
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1,303,435

Note:
This being first year of applicability of Accounting Standard 3 "Cash Flow Statement", previous year's figures have not been reported.

The accompanying notes are an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date

For M P Chitale & Co
Chartered Accountants
Firm Registration No : 101851W

V. V. Barje

Vidya Barje
Partner
Membership No. 104994

M. P. CHITALE & CO.
1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025.
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors

S K Roy
Chairman
DIN: 02503135

S K Mitra
Director
DIN: 00029961

Pawan Baheti
Chief Financial Officer

Sarojini Dikhale
Chief Executive Officer

MK Arora

Mayank Arora
Company Secretary

Place : Mumbai
Date : 31-08-2015

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD.
MUMBAI-20

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to Financial Statements for the year ended March 31, 2015

1. Company Overview:

   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. Change in Accounting Policy

   Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current year is likely to hold good for future years also. Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets. Hence, the impact of change in accounting policy amounting to ₹ 1,587,557 has been charged in the current year's statement of profit and loss. Had the Company continued to use the earlier useful life of fixed asset, the loss for the current year would have been lower by ₹ 1,587,557 and the fixed asset would correspondingly have been higher by ₹ 1,587,557.

3. Significant Accounting Policies

   3.1. Basis of preparation of financial statements

   These financial statements are prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair values. Indian GAAP comprises mandatory Accounting Standards (AS) as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

   3.2. Use of Estimates

   The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. The estimate and assumptions used in the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statement. The assets and liabilities have been classified as current and non-current based on 12 month operating cycle.

M.P. CHITALE & CO. MUMBAI C.A.

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

3.3. Revenue Recognition

i) Revenue from Operations:

Investment management fees are accounted on accrual basis in accordance with the Investment Management Agreement and are dependent on the net assets value as recorded by the schemes of LIC Nomura Mutual Fund.

Portfolio management fees are recognised, on accrual basis, in accordance with the terms of agreement with respective clients.

Revenue from advisory services is accounted, on accrual basis, based on the terms of agreement with the clients.

ii) Other Income

The profit/(loss) on sale of investments are recognised in the Statement of Profit and Loss on the date of trade and determined using the First-In-First-Out (FIFO) basis for individual security.

Interest income is recognised using the time-proportion method, based on the rate implicit in the transaction. Dividend is recognised when right to receive dividend is established.

3.4. Investments

Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Long-term investments are carried at cost less provision recorded to recognize any decline, other than temporary, in the carrying value of each investment.

3.5. Fixed Assets, Depreciation and Impairment of Assets

i) Tangible assets and capital work-in-progress:

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date.

ii) Intangible assets

Intangible Assets are stated at acquisition cost of such assets and are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets under development comprise the cost of assets that are under development for not yet ready for their intended use at the reporting date.

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LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

iii) Depreciation and amortization

Depreciation on tangible assets is provided on the straight line method over the useful life of assets estimated by the management. Depreciation for assets purchased/sold during the year is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. The management estimates the useful lives for the other fixed assets as follows:

Particulars	Estimated Useful Life
Furniture and fittings	10 years
Office equipments	5 years
Computers	3 years
Vehicles[a]	5 years
Leasehold improvement	Over the period of lease or useful life, whichever is less
Computer software	3 years

[a] *based on management estimates, the useful life as given above represents the period over which the Management expects to use these assets. Hence the useful life for these assets is different from the useful life as prescribed under Schedule Part C of II of the Companies Act, 2013.*

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Gains or losses arising from the retirement or disposal of fixed assets are recognised as income or expense in the Statement of Profit and Loss.

iv) Impairment

The company assesses carrying amounts of assets, at each financial year end, to ascertain impairment based on internal / external factors. An impairment loss is recognised, in Statement of Profit and Loss, wherever the carrying value of an assets exceeds its recoverable amount. If there is an indication that a previously impaired loss no longer exists, the recoverable amount is reassessed, and the carrying amount of an asset is restated to its revised recoverable amount not exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

M. P. CHITALE & CO. MUMBAI C.A.

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to Financial Statements for the year ended March 31, 2015

3.6. Employee Benefits:

Long Term Employee Benefits:

i) Defined Contribution Plan:

The company contributes to recognised provident fund scheme, which is defined contribution scheme. The company has no further obligation beyond making the contributions. The contributions are recognised on accrual basis and charged to Statement of Profit and Loss.

ii) Defined Benefits Plan:

The company provides for gratuity, a defined contribution plan, covering eligible employees. Liabilities with regards to gratuity are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using Projected Unit Credit Method. The company recognizes the net obligation for the gratuity in the balance sheet as an asset or liability, respectively in accordance with AS - 15 "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

3.7. Foreign Currency Transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Realized gains and losses, if any, arising out of transactions settled during the year are recognized in the statement of profit and loss. Foreign-currency denominated monetary assets and liabilities are translated at exchange rates in effect at the balance sheet date. the gains or losses resulting from such transaction are included in the statement of profit and loss.

3.8. Income Taxes

Income tax expense comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.
Deferred tax asset or liability is recorded for the timing differences based on tax effect of the aggregate amount of timing differences between accounting income and taxable income for the year, subject to the consideration of prudence.

Deferred tax assets are recognized and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are reviewed for the appropriateness of their respective carrying values at each financial year end.

3.9. Earnings per share

Basic earnings per share is computed by dividing the net profit or loss after tax attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

M. P. CHITALE & CO. MUMBAI C.A.

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

Diluted earnings per share is computed by dividing the net profit or loss after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.10. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental charges over the term of such leases, after taking in to account the escalation clause, are charged to the statement of profit and loss on a straight line basis over the extended lease term.

3.11. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized if, as a result of a past event, the company has a present legal obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.
Where no reliable estimate can be made, a disclosure is made as contingent liabilities. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognised nor disclosed in the financial statements.

3.12. Distribution and Scheme Overrun Expenses

i) New Fund Offer Expenses:

Expenses relating to the new fund offer are charged to Statement of Profit and Loss in which such expenses are incurred.

ii) Distribution Commission:

Commission or incentive expenses for distribution of schemes of mutual fund are recognized in the Statement of Profit and Loss in the year in which such expenses are incurred.

Withheld commission or incentive to the distributors is paid only when valid claims are made from when those amounts became due.

iii) Scheme Overrun Expenses:

Expenses of schemes of LIC Nomura Mutual Fund in excess of stipulated limits as per SEBI (Mutual Fund) Regulations, 1996 are charged to Statement of Profit and Loss.

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LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

4 Share capital

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Authorised		
25,000 equity shares of ₹10,000 each	250,000,000	250,000,000
Issued, subscribed and paid up		
11,000 equity shares of ₹10,000 each, fully paid up	110,000,000	110,000,000
	110,000,000	110,000,000

a) The reconciliation of the number of shares outstanding and the amount of share capital as at the beginning and at the end of the reporting period are as follows:

Particulars	No. of shares As at March 31, 2015	No. of shares As at March 31, 2014	Amount As at March 31, 2015	Amount As at March 31, 2014
Opening number of shares outstanding	11,000	11,000	110,000,000	110,000,000
Add : Shares issued during the year	-	-	-	-
Closing number of shares outstanding	11,000	11,000	110,000,000	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.

c) Details of shareholders holding more than 5% shares are as follows:

Name of the shareholder	As at March 31, 2015 No. of shares	As at March 31, 2015 % held	As at March 31, 2014 No. of shares	As at March 31, 2014 % held
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 Limited	2,200	20%	2,200	20%
Nomura Asset Management Strategic Investment Pte. Ltd.	3,850	35%	3,850	35%
	11,000	100%	11,000	100%

5 Reserves and surplus

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Securities premium account	790,000,000	790,000,000
General reserve		
Balance as at the beginning of the year	519,640,000	519,640,000
Add: transferred from surplus	-	-
Balance as at the end of the period	519,640,000	519,640,000
Surplus/(Deficit) in the Statement of Profit and Loss:		
Balance as at the beginning of the year	(332,420,266)	(166,117,655)
Profit /(Loss) for the year	(47,185,359)	(166,302,611)
Balance as at the end of the period	(379,605,625)	(332,420,266)
Total	930,034,375	977,219,734

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6 Other long-term liabilities

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Lease obligation payable	5,791,681	4,463,952
	5,791,681	4,463,952

7 Long-term provisions

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits:		
Provision for gratuity	15,468,678	12,301,344
Provision for compensated absences	-	56,483,242
Other provisions:		
Provision for contingencies	3,116,565	3,116,565
	18,585,243	71,901,151

8 Trade payables

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables*#	34,630,389	43,530,048
	34,630,389	43,530,048

* No amounts due and outstanding to be credited to investor education and protection fund.

\# There are no dues to micro, small and medium enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The above information regarding micro and small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

9 Other current liabilities

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Employee benefits payable	990,578	2,426,723
Statutory dues	1,771,113	3,465,197
Retention monies	-	3,941,404
	2,761,691	9,833,324

10 Short-term provisions

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Provision for employee benefits:		
Provision for compensated absences		50,970
	-	50,970

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LIC NOMURA MUTUAL FUND ASSET MANAGEMENT CO. LTD. MUMBAI-20

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to Financial Statements for the year ended March 31, 2015

11 Tangible Assets

Amount in ₹

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	April 1, 2014	Additions	Disposals	March 31, 2015	April 1, 2014	For the year	Disposals/ Adjustments	March 31, 2015	March 31, 2015	March 31, 2014
Own assets:										
Leasehold improvements	26,573,848	2,907,440	-	29,481,288	16,996,127	3,612,626	-	20,608,753	8,872,535	9,577,721
Office equipment	6,296,717	879,500	101,348	7,074,869	2,949,652	2,940,176	79,647	5,810,181	1,264,688	3,347,065
Computer	55,746,672	2,101,958	123,245	57,725,385	44,282,221	9,220,834	123,240	53,379,815	4,345,570	11,464,451
Furniture and fittings	5,027,304	112,938	346,500	4,793,742	3,183,471	448,100	267,790	3,363,781	1,429,961	1,843,833
Motor vehicles	7,341,309	-	1,324,186	6,017,123	5,021,417	908,096	1,203,263	4,726,250	1,290,873	2,319,892
Total	100,985,850	6,001,836	1,895,279	105,092,407	72,432,888	17,129,832	1,673,940	87,888,780	17,203,627	28,552,962
March 31, 2014	94,371,400	8,154,647	1,540,196	100,985,851	55,848,144	17,724,266	1,139,522	72,432,888	28,552,962	38,523,256

12 Intangible Assets

Amount in ₹

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	April 1, 2014	Additions	Disposals	March 31, 2015	April 1, 2014	For the year	Disposals/ Adjustments	March 31, 2015	March 31, 2015	March 31, 2014
Own assets:										
software applications	85,462,413	-	-	85,462,413	70,473,879	14,397,068	-	84,870,947	591,466	14,988,534
Total	85,462,413	-	-	85,462,413	70,473,879	14,397,068	-	84,870,947	591,466	14,988,534
March 31, 2014	85,453,413	9,000	-	85,462,413	49,769,254	20,704,625	-	70,473,879	14,988,534	35,684,159

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13 Long-term loans and advances

(Unsecured and considered good)

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Security deposits	678,914	604,465
Other deposits	326,447	326,447
Advance income-tax (net of provision for tax)	263,546,385	238,693,016
Prepaid expenses	932,644	1,975,405
Capital advances	-	2,051,698
	265,484,390	243,651,031

14 Non-current investments

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Investment in mutual fund units (valued at cost, quoted) (5,000,000 (PY Nil) units of ₹ 10 each in LIC Nomura MF Fixed Maturity Plan Series-92-1100 Days-Direct-Growth Plan Option) (NAV ₹ 10.2948)	50,000,000	-
	50,000,000	-

15 Current investments

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Current investment (Non-trade,unquoted) (289,849.668 (PY 374,371.291) units of ₹ 1000 each in LIC Nomura MF Liquid Fund-Direct-Growth Plan Option) (NAV ₹ 2,535.8693)	734,499,985	853,735,552
	734,499,985	853,735,552

16 Trade receivables

(Unsecured & considered good)

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Outstanding for a period more than six months:	-	-
Others:		
Management fees receivable	17,884,621	22,982,051
Advisory fee receivable	-	15,024,950
Portfolio management fee receivable	2,704,661	3,263,869
	20,589,282	41,270,870
	20,589,282	41,270,870

17 Cash and bank balances

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Balances with banks in current accounts	1,303,435	28,017,228
	1,303,435	28,017,228

18 Short-term loans and advances

(Unsecured, considered good unless stated other wise)

Amount in ₹

Particulars	As at March 31,	
	2015	2014
Advances recoverable in cash or kind	5,451,792	2,789,305
	5,959,402	3,993,697
	720,000	-
	12,131,194	6,783,002

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Amount in ₹

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Management fees from mutual fund (Gross)	363,013,340	269,503,943
Less: Service tax	39,932,760	29,646,393
Management fees from mutual fund (Net)	323,080,580	239,857,550
(Tax deducted at source ₹ 24,593,902 (PY ₹ 22,167,132)		
Portfolio management fees (Gross)	7,477,121	9,236,373
Less: Service tax	822,510	1,016,034
Portfolio management fees (Net)	6,654,611	8,220,339
(Tax deducted at source ₹ 247,482 (PY ₹ 1,230,256)		
Advisory fees	15,315,331	30,634,950
	345,050,522	278,712,839

20 Other income

Amount in ₹

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Interest on long term investment	-	664,357
Profit on sale of mutual fund units	86,398,380	84,857,247
Profit on sale of fixed assets	417,179	505,385
Provisions written back to the extent no longer required	56,355,223	1,361,044
Other non-operating income	760,482	556,611
	143,931,264	87,944,644

21 Employees benefit expense

Amount in ₹

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Salaries, allowances and bonus	172,528,846	192,832,590
Staff welfare expenses	10,881,012	16,566,397
Contribution to provident and other funds	8,799,386	7,567,312
Leave encashment	768,902	19,585,597
Gratuity	5,303,226	4,922,799
	198,281,372	241,474,695

In accordance with Accounting Standard 15 on 'Employees Benefits' as notified under section 133 of the Company Act 2013, read together with paragraph 7 of the Company (Accounts) Rule 2014 the following disclosure have been made;

a) Defined Contribution Plan:

The Company has recognized the following amount in the statement of profit and loss towards contribution to define contribution plan which are included under contribution to provident and others funds:

Amount in ₹

Company contribution to provident fund and pension fund	As at March 31, 2015	As at March 31, 2014
Provident fund	8,124,015	6,185,612
Pension fund	675,371	1,381,700
	8,799,386	7,567,312

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Notes to Financial Statements for the year ended March 31, 2015

b) Defined Benefit Plan:

The following table set out the status of the Gratuity Plan as required under AS 15, Reconciliation of opening and closing balance of the present value of the define benefit obligation and plan assets:

Amount in ₹

	Particulars	As at March 31, 2015	As at March 31, 2014
i)	Reconciliation of change in present value of the defined benefit obligation		
	Balance at the beginning of the year	23,687,757	20,797,492
	Interest cost	1,846,198	1,709,554
	Current service cost	3,999,442	3,146,531
	Benefit paid	(2,888,813)	-
	Actuarial (gain) / loss on obligation	1,255,782	(1,965,820)
	Balance at the end of the year	27,900,366	23,687,757
ii)	Reconciliation of change in fair value of the plan assets fund		
	Balance at the beginning of the year	13,222,714	7,353,905
	Adjustment to opening balance	423,896	-
	Expected return on plan assets	1,062,378	862,217
	Contribution	18,079	5,000,000
	Benefit paid	(2,888,813)	-
	Actuarial gain / (loss) on plan assets	(397,144)	6,592
	Balance at the end of the year	11,441,110	13,222,714
iii)	Amount to be recognized in the balance sheet		
	Present value of obligations at end of the year	27,900,366	23,687,757
	Fair value of PA at the end of the year	11,441,110	13,222,714
	Net liability recognised in the balance sheet	16,459,256	10,465,043
iv)	Expenses recognised in the statement of profit and loss account		
	Current service cost	3,999,442	3,146,531
	Interest cost	1,846,198	1,709,554
	Expected return on plan assets	(1,062,378)	(862,217)
	Net actuarial (gain)/loss recognised in the year	1,652,926	(1,972,412)
	Expenses to be recognised in the statement of profit and loss account	6,436,188	2,021,456
v)	Actuarial Gain / Loss recognised		
	Actuarial gain / (loss) on obligation	(1,255,782)	1,965,820
	Actuarial gain / (loss) on plan assets	(397,144)	6,592
	Actuarial (gain)/loss recognised in the year	(1,652,926)	1,972,412
vi)	Actuarial Assumption Per Annum		
	Discount rate	7.77%	8.30%
	Expected rate of return on plan assets	8.70%	8.75%
	Salary escalation	10.00%	12.00%
	Retirement age	60 Years	60 Years
	Attrition rate:		
	Past service 0 to 5 years	12.00%	11.00%
	Past service 5 to 25 years	2.00%	1.00%
	Past service 25 to 40 years	0.00%	0.00%

vii) Experience adjustments:

Amount in ₹

Particulars	2014-15	2013-14	2012-13
Defined benefit obligation at year end	27,900,366	23,687,757	20,797,492
Plan assets at year end, at fair value	(11,441,110)	(13,222,714)	(7,353,905)
Surplus/(deficit)	16,459,256	10,465,043	13,443,587

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.

22 Other expenses

Amount in ₹

Particulars	Year Ended March 31,	
	2015	2014
Rent (Refer note 26)	22,557,688	20,190,923
Rates and taxes	5,905,265	11,384,598
Advertising and Publicity	19,017,999	13,926,150
Communication charges	11,995,058	10,368,518
Professional fees	15,319,936	10,946,921
Computer and software expenses	23,260,087	19,770,472
Fund accounting charges	10,142,698	9,710,622
Commission or incentive	157,610,342	98,473,917
Repair and maintenance	7,842,725	9,145,388
Travelling & conveyance	7,302,735	8,436,943
Electricity charges	6,945,836	7,209,206
Printing & stationery	5,730,954	2,827,187
Insurance expenses	1,488,549	1,613,043
Auditor's Remuneration		
- Statutory audit fees	470,000	470,000
- Other services	80,000	80,000
- Out of Pocket	37,710	17,643
Board meeting expenses	643,244	1,783,012
Directors sitting fees	300,000	181,162
Legal charges	67,415	6,819
Scheme related expenses (refer note (a) below)	4,160,176	20,583,236
Other operating expenses	5,480,456	4,122,808
	306,358,873	251,248,568

(a) Scheme related expenses

Expenses incurred for/on behalf of the schemes of mutual fund, in excess of the internal limits of the schemes, are charged to the statement of profit and loss.

23 Depreciation & amortization expense

Amount in ₹

Particulars	Year Ended March 31,	
	2015	2014
Depreciation of tangible assets	17,129,831	17,724,266
Amortisation of intangible assets	14,397,069	20,704,625
	31,526,900	38,428,891

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24 Exceptional items

Amount in ₹

Particulars	Year Ended March 31, 2015	2014
Amount received in settlement of our claim on Central Bank of India, for making improper encashment of dividend warrants	-	10,919,255
	-	10,919,255

25 Prior period Item

Amount in ₹

Particulars	Year Ended March 31, 2015	2014
Provision for withheld commission	-	12,727,195
	-	12,727,195

26 Leases

Obligation on long term, non-cancellable operating leases

The lease rentals charges during the period and the obligation on long term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

Amount in ₹

Particulars	As at March 31, 2015	2014
Lease rentals recognized during the year	22,557,688	20,190,923
	22,557,688	20,190,923
Lease obligation payable:		
Within one year of the Balance sheet date	20,363,170	18,749,020
Due in a period between one year and five year	47,079,111	46,562,871
Due after five years	3,705,161	4,362,822
	71,147,442	69,674,713

27 Contingent liabilities and commitments (to the extent not provided for)

Amount in ₹

Particulars	As at March 31, 2015	2014
Contingent liabilities		
Outstanding guarantees and counter guarantees to various banks, in respect of the guarantee given by those banks in favor of various government authorities and others	-	-
Claims against the Company, not acknowledged as debts	389,474,737	280,623,827
Commitments		
Estimated amount of unexecuted capital contracts (net of advance and deposit)	720,000	918,104

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.

(a) It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any demands in respect of the above contingent liabilities due to refunds outstanding for the past assessment years.

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LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to Financial Statements for the year ended March 31, 2015

28 Related party disclosures

i) Related parties during the year:

Particulars	Relationship
Life Insurance Corporation of India (LIC)	Associate
LIC Housing Finance Limited *	Associate
Nomura Asset Management Strategic Investment Pte.Ltd.*	Associate
Nomura Services India Private Limited	Associate
Nomura Asset Management Singapore Limited	Wholly owned subsidiary of NAM
Nilesh Sathe, Chief Executive Officer	Key Management Personnel (KMP)
Gauri Kadam, Chief Financial Officer (upto 5th March, 2015)	Key Management Personnel (KMP)
Pawan Baheti, Chief Financial Officer (w.e.f. 5th March, 2015)	Key Management Personnel (KMP)
B K Unhelkar, Company Secretary (upto 30th April, 2014)	Key Management Personnel (KMP)
Ashish Srivastava, Company Secretary (upto 25th Sep., 2014)	Key Management Personnel (KMP)
Mayank Arora, Company Secretary (w.e.f. 29th Oct., 2015)	Key Management Personnel (KMP)

* No transactions during the year

ii) The related party transaction are as under :

Amount in ₹

Particulars	As at March 31, 2015	2014
Life Insurance Corporation of India (LIC)		
Transactions:		
Rent, rates and taxes paid for premises	26,546,031	28,681,576
Contribution to provident and other funds	944,598	7,567,312
Gratuity for LIC employees	906,989	1,684,307
Premium paid for gratuity policy	176,922	196,745
Receivables and deposits:		
Perquisites tax & benefits pertaining to LIC employees	245,068	1,113,938
Nomura Asset Management Singapore Limited		
Transactions:		
Advisory fees income	15,315,331	30,634,950
Reimbursement of expenses	2,002,296	4,106,564
Receivables and deposits:		
Advisory fees receivables	-	15,024,950
Nomura Services India Private Limited		
Transactions:		
Professional fees for manpower deployment	-	2,728,364
Key Management Personnel (KMP)		
Transactions:		
Remuneration paid#	3,517,088	2,055,408

\# The above figures do not include liability towards gratuity and leave encashment as separate figure for KMP are not available. Perquisites have been valued in accordance with the provisions contained in the Income Tax Rules,1962.

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29 Earnings in Foreign Currency

Amount in ₹

Particulars	As at March 31, 2015	As at March 31, 2014
Advisory fees receivables	15,315,331	30,634,950
	15,315,331	30,634,950

30 Particulars of unhedged foreign currency exposures as at the reporting date.

Trade Receivable towards advisory fees:		
In INR	-	15,024,950
In USD	-	250,000

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

Signature to notes 1 to 31 forms part of the financial statements and to the above notes.

For M P Chitale & Co
Chartered Accountants
Firm Registration No : 101851W

M. P. CHITALE & CO. 1/11, 1st Floor, Prabhadevi Ind. Estate, Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. CHARTERED ACCOUNTANTS

V. V. Barje
Vidya Barje
Partner
Membership No. 104994

For and on behalf of Board of Directors

S K Roy
Chairman
DIN: 02503135

S K Mitra
Director
DIN: 00029961

Pawan Baheti
Chief Financial Officer

Sarojini Dikhale
Chief Executive Officer

Place : Mumbai
Date : 31-08-2015

M K Arora
Mayank Arora
Company Secretary

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