

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Twentieth 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, 2014.

Financial Performance:

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

Particulars	Year ended 31/03/2014 (in lakh)	Year ended 31/03/2013 (in lakh)
Income	3,666.57	4,465.77
Expenditure	4,926.25	3,983.44
Gross Profit / (Loss) [PBDIT]	(1,259.68)	482.33
Add: Exceptional item	109.19	-
Less: Prior period item	127.27	-
Less:(i) Depreciation	384.29	398.26
(ii) Finance Costs	0.98	0.62
(iii) Provision for Tax	-	-
(iv)Deferred Tax Liability/(Asset)	-	-
Net Profit / (Loss)	(1,663.03)	83.45
Add: Balance brought forward	(1,661.17)	(1,744.62)
Profit Available for Appropriation	(3,324.20)	(1,661.17)
Appropriation		
Proposed Dividend	-	-
Tax on dividend	-	-
Transfer to General Reserve	-	-
Balance carried forward	(3,324.20)	(1,661.17)

Review of Performance

The total income during the financial year 2013-14 has gone down from Rs. 4,465.77 lakh to Rs 3,666.57 lakh, mainly on account of reduction in income from investments. Exceptional item of income is on account of amount received in settlement of our claim on the Central Bank of India, for it having made improper encashment of dividend warrants. Prior period item is on account of withheld brokerage relating to FY 2011-12 & 2012-13, which was not provided in earlier years. During the financial year 2013-14 total expenses have increased from Rs.3,983.44 lakh to Rs. 4,926.25 lakh, due to increase in expenses on account of commission, publicity, employee benefit & scheme related expenses. 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 gone up from Rs 2,692.45 lakh to Rs 2,787.13 lakh in view of increases in Asset under Management.

During the year 2013-14, the AMC has increased its Average Assets under Management from Rs. 7,185 Crs. to Rs. 10,584 Crs. (Mutual Fund Industry's AAUM Rs 9,05,120 crore), showing an increase of 47%. The AMC is ranked 18th out of the 45 Mutual Funds AMC

operating in the country with an increase in market share to 1.17% from 0.86% in the previous year.

The total number of investors as at the end of the year stood at 2,97,659 as against 3,21,491 at the end of the last financial year.

During the year LIC NOMURA MF AMC Ltd. merged one Area Office Mumbai II with Area Office at Mumbai bringing down the total number of Area Offices to 27.

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

Dividend

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

Future Outlook of the Fund

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.

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

General Economic Trend

RBI in its recent bi-monthly policies has kept the key policy rates unchanged as expected, in line with its forward guidance. The RBI was not upbeat about the domestic economy, seeing downside risks to its 5.5% central forecast for fiscal year 2014/15. While it acknowledged the sharp decline in recent months in headline CPI inflation, it pointed out that this was due to food inflation and that the core inflation remains high and sticky.

The RBI kept the policy rate (the repurchase or repo rate) on hold at 8.00%, in line with consensus and our expectations. Consequently, the reverse repo and marginal standing facility (MSF) rates were left unchanged at 7.00% and 9.00%, respectively. The cash reserve ratio (CRR) was also kept unchanged at 4.00%.

The Debt markets sentiments in the Government Bond Markets turned bearish on the Budget announcement, with 8.83 % 2023 G-Sec gaining from 8.80 to 9.07% as investor appetite ebbed amid excess issuances (4th April) and diminished chances of rate cut.

The rupee's recovery and improved macroeconomic indicators are among the reasons for the greater confidence in India. Foreign fund managers expect flows into the debt market to remain robust going forward, as yields in India are significantly more attractive than

those in developed markets. The appreciation in the rupee is positive for the Indian economy as it reduces crude import costs substantially amid falling international commodity prices. The appreciating rupee however will make exports uncompetitive, thereby hurting that critical sector.

Strong currency environment, narrowing current account deficit (CAD), declining inflation trend and improving balance of payments situation has boosted global investors' confidence towards India. April-December CAD narrowed to 2.3% of GDP, or \$31.1 billion, against 5.2% (\$69.8 billion) a year ago, mainly due to steep decline in gold imports. Experts pegged CAD for FY14 at about 2% of GDP, or \$35 billion down sharply from 4.8% last year.

Business Prospects

Equity:

The benchmark indices gave positive returns during FY2013-2014 with Nifty up 17.9% and Sensex gaining 18.8%. The markets gave most of the returns in the second half of the year with a sharp rally towards the year end on the back of the euphoria of general elections. The macro economy also had better news towards the end of FY2013 with regard to food inflation, which showed signs of easing. The rupee also appreciated more than 14% from its level in last August on the back of improved BOP position. India's GDP growth for the first three quarters of FY13 was below 5%; it was 4.4% in Q1, 4.8% in Q2 and 4.7% in Q3. According to Central Statistics Office (CSO) the growth in GDP during 2013-14 is estimated at 4.9% as compared to the growth rate of 4.5% in 2012-13.

Index	Closed 28/03/13	Closed 31/03/14	Percentage change
Sensex	18835.8	22386.2	18.8%
Nifty	5682.6	6704.2	17.9%

Sector-wise capital goods, auto, IT and healthcare were among the top performers; while realty, consumer durables and power stocks disappointed in 2013-2014.

FII's bought equity worth Rs 79,709 crore in 2013-2014 compared to Rs 140,033 crore in 2012-2013. (Source: SEBI)

Debt:

The financial year 2013 – 2014 was a volatile year for Indian debt Markets. RBI's policy tenor underwent significant changes with a change in Governors. The new Governor seems to have shifted focus from WPI to CPI and retained a tight focus on inflation while keeping Demand under check via rate controls.

The repo rate was 8% compared to 7.5% in 2013. While the CRR and SLR rates remained largely unchanged, the year saw numerous adjustments in overnight liquidity management by RBI. However, market liquidity remained negative for most part of the year and both gilt and bond yield trends were broadly negative through the year.

The benchmark 10 year G-Sec was at about 7.95% in March 2013 and stood at about 8.80% in March 2014.

The INR saw significant volatility and was at about Rs. 59.89 on 28th March, 2014 after seeing a low of Rs.68.85 during the year.

A summary of March 2014 market indicators is as under:

RBI infused Rs. 36,000 crores in the repo auction and absorbed Rs. 15,340 crores in the reverse repo auction on 28th March, 2014.

PSU Banks issued 3 months and 1 year CD in the range of Rs. 9.20 – 9.25 under both tenure.

The INR /\$ closed at Rs. 59.89 as on 28th March, 2014

The 10 year Bond (8.83 GS 2013) ended at 8.80 as on 28th March, 2014.

Foreign institutional investors (FIIs) were record buyers of Indian debt in the quarter ended March, reflecting increased confidence in India's long-term economic prospects although growth is yet to show any definitive signs of emerging from a slump. More than \$5.75 billion, or Rs 35,000 crore, surged into the Indian debt market in the three month period, the biggest such quarterly inflow ever (SEBI data). Global investors are bullish on Indian debt markets as the economy has bottomed out and it's on the path to recovery. FIIs have found profound confidence in RBI for managing India's external situation efficiently. FIIs are attracted towards India as the yield of 8.80-8.90% on bonds is highest in the region.

Outlook

With the hopes of a change in the economic and political scenario which would help revive investment and push growth to above 5% for the first time in the past two years. Some of the key areas for the new government are improving infrastructure, consolidating fiscal deficits, containing inflation, and reinvigorating the manufacturing sector. Any indications of the policies in these areas will be keenly watched by the market participants.

In terms of investment opportunity, infrastructure would be an obvious area for post-election policy drive, internet penetration is still low but growing rapidly, opening up opportunity for e-commerce companies, agricultural productivity must rise in order to feed the increasing population with different taste (more protein, etc.). Investing in export oriented IT and pharma provide good hedge against potential currency weakness. Despite the recent rally, mid-cap valuation relative to large cap remains attractive.

G-sec range that earlier stood at 8.70-8.95% will see an upward shift as frontloaded H1 FY14 borrowing Rs 3.68 lakh crore in the April-September period, (which is about 62% of the government debt borrowing plan of Rs 5.97 lakh crore for FY14) coupled with a likely uptick in inflation in next release on a turnaround in food prices and a rebound in core CPI impacts the appetite for government debt will put upward, steepening pressure on the yield curve, which may attract more global investors to the Indian Markets .

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, 2014 your Company has ten Directors. In accordance with the statutory provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Hajime Kurozu, Director of the Company retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

During the Financial Year 2013-2014, the following appointment /cessation to/from the Board have taken place:-

- i) Shri S K Roy appointed as LIC Nominee Director and Chairman of the Company w.e.f. 23/08/2013, pursuant to the retirement of Shri D K Mehrotra as Chairman, LIC of India on 31/05/2013.
- ii) Shri Kailash Kumar Bang appointed w.e.f. 25/04/2013 as Director in casual vacancy arising from the resignation of Shri A N Kumar Raj w.e.f. 25/02/2013. The term of Shri Kailash Kumar Bang will end at this Annual General Meeting in accordance with the provision of section 262/161 of the Companies Act, 1956/2013 and being eligible, offers himself for re-appointment
- iii) Shri Takashi Saruta appointed as Nomura Nominee Director w.e.f. 20/06/2013 in place of Shri Yugo Ishida who ceased to be Director w.e.f. 20/06/2013
- iv) Shri Satish Kamat appointed as Director w.e.f. 30/08/2013 in place of Shri Aditya Narayan who ceased to be Director w.e.f. 20/06/2013.
- v) Smt. Sunita Sharma appointed as LIC Nominee Director w.e.f. 25/02/2014 in place of Shri V.K. Sharma who ceased to be Director w.e.f. 01/11/2013.

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.

Audit Committee

The Audit Committee of the Company consists of 4 independent members of the Board. The role and terms of reference of the Audit Committee covers the areas as per the statutory provisions, besides other areas as may be referred to by the Board of directors. During the year under review, the Committee met 4 times.

Auditors

In accordance with the provisions of section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the auditor of every company appointed at an Annual General Meeting shall hold office from the conclusion of that general meeting till the conclusion of the sixth Annual General Meeting. Further, an individual shall be appointed as an auditor for not more than one term of five consecutive years and an audit firm shall be appointed or reappointed as auditor for not more than two terms of five consecutive years.

However the period for which the individual or the firm has held the office as auditor prior to the commencement of the Act shall be taken into account for calculating the period of five consecutive years or ten consecutive years, as the case may be.

M/s Price Waterhouse, the statutory auditor of the Company during the financial year 2013-14 has expressed their unwillingness to be re-appointed vide their letter dated August 08, 2014. Therefore the Board in accordance with the aforesaid provisions recommends the appointment of M/s B.S.R. & Co. LLP, as statutory auditor of the Company for a period of 5 consecutive years commencing from the conclusion of this Annual General Meeting till the conclusion of the twenty fifth Annual General Meeting, subject to the ratification of the members at every Annual General Meeting.

M/s. B.S.R. & Co. LLP has confirmed their willingness to accept the 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;
- v) that they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Employee Particulars:

Out of 306 employees on roll of the Company, there are 3 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, are as shown in Annexure – I:-

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

Particulars required to be furnished in this report under the 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 relating to the conservation of the energy and technology absorption are not applicable for the year under review, and hence not furnished.

For the Financial Year Ended 31st March, 2014, the Company has earned foreign currency income of Rs 306.35 lakh. The information on Foreign Exchange earnings is contained in note no. 30, of financial statement for the year.

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 and various Government agencies/associations including SEBI, AMFI, RBI etc. 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**

Director & CEO

Chairman

Place: Mumbai

Date: August 26, 2014

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

1. 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 March 31, 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditors' Responsibility

3. 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 and other applicable authoritative pronouncements 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.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion .

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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 March 31, 2014; and
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date.



INDEPENDENT AUDITORS' REPORT

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

7. The financial statements of the Company as at March 31, 2013 and for the year then ended were audited by another firm of chartered accountants who, vide their report dated June 20, 2013 expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. 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 dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse & Co.
Firm Registration Number: 050032S
Chartered Accountants



Alpa Kedia
Partner
Membership Number. 100681

Place : Mumbai
Date : July 31, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of LIC Nomura Mutual Fund Asset Management Company Limited on the financial statements as of and for the year ended March 31, 2014

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)(b),(c) and (d) of the said Order are not applicable to the Company.

(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- 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 the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.

(b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lakhs in respect of any party during the year.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, wealth tax, service tax and other material statutory dues, as applicable, with the appropriate authorities.



Annexure to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of LIC Nomura Mutual Fund Asset Management Company Limited even date to the members of on the financial statements for the year ended March 31, 2014
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- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax and service-tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2014 which have not been deposited on account of a dispute, are as follows

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income tax including interest as applicable	Rs. 124,864,178	Assessment Year 2011-12	Commissioner of Income Tax - Appeals
The Income Tax Act, 1961	Income tax including interest as applicable	Rs. 22,598,830	Assessment Year 2012-13	Deputy Commissioner of Income Tax

- x. The accumulated losses of the Company did not exceed fifty percent of its net worth as at March 31, 2014 and it has incurred cash losses in the financial year ended on that date. However, it has not incurred cash losses in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
- xv. In our opinion, and 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 during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. The Company has not raised any funds on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.



Annexure to Independent Auditors' Report

Referred to in paragraph 8 of the Independent Auditors' Report of LIC Nomura Mutual Fund Asset Management Company Limited even date to the members of on the financial statements for the year ended March 31, 2014
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- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse & Co.
Firm Registration Number: 050032S
Chartered Accountants

Alpa Kedia

Alpa Kedia
Partner
Membership Number. 100681

Place: Mumbai
Date: July 31, 2014

LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED
BALANCE SHEET

(All amount in rupees unless otherwise stated)

	Notes	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Equity and liabilities			
Shareholder's funds			
Share capital	3	110,000,000	110,000,000
Reserves and surplus	4	977,219,735	1,143,522,345
Non-current liabilities			
Other long-term liabilities	5	4,463,952	5,119,361
Long-term provisions	6	71,901,151	57,737,705
Current liabilities			
Trade payables	7	43,530,048	39,746,618
Other current liabilities	8	9,833,324	4,905,086
Short-term provisions	9	50,970	47,925
Total		1,216,999,180	1,361,079,040
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	28,552,962	38,523,256
Intangible assets	11	14,988,534	35,684,159
Intangible assets under development		-	335,000
Long-term loans and advances	12	243,651,031	216,591,662
		287,192,527	291,134,077
Current assets			
Current investments	13	853,735,552	1,011,908,155
Trade receivables	14	41,270,870	33,664,728
Cash and bank balances	15	28,017,229	18,158,805
Short-term loans and advances	16	6,783,002	6,192,632
Other current assets	17	-	20,643
		929,806,653	1,069,944,963
Total		1,216,999,180	1,361,079,040
Summary of significant accounting policies	2		

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 Price Waterhouse & Co.
Firm Registration No : 0500325
Chartered Accountants

Alpa Kedia

Alpa Kedia
Partner

Membership No. 100681

July 31, 2014

For and on behalf of Board of Directors

[Signature]
Chairman

[Signature]
Director

[Signature]
Chief Executive Officer

[Signature]
Company Secretary

[Signature]
Chief Financial Officer

Date : 21.06.2014
Place : Mumbai



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

(All amount in rupees unless otherwise stated)






	Notes	Year ended March 31, 2014 ₹	Year ended March 31, 2013 ₹
Income			
Revenue from operations	20	278,712,839	269,245,121
Other income	21	87,944,645	177,332,293
Total revenue		366,657,484	446,577,414
Expenses			
Employee benefits expense	22	242,354,668	211,165,444
Other expenses	23	250,270,824	187,178,644
Depreciation & amortisation expenses	24	38,428,891	39,826,007
Finance costs	25	97,771	62,738
(Loss)/Profit before exceptional & prior period items and tax		(164,494,670)	8,344,581
Add: Exceptional items	26	10,919,255	-
Less: Prior period item	27	12,727,195	-
(Loss)/ Profit before tax		(166,302,610)	8,344,581
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
(Loss)/Profit for the year		(166,302,610)	8,344,581
Earning per equity share (Nominal value per share ₹ 10,000)			
(2013 : ₹ 10,000)	28		
Basic and Diluted		(15,118)	759
Summary of significant accounting policies	2		

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 Price Waterhouse & Co.
Firm Registration No : 050032S
Chartered Accountants

For and on behalf of Board of Directors

Alpa Kedia
Alpa Kedia
Partner
Membership No. 100681
July 31, 2014

 Chairman
  Director
  Chief Executive Officer
 Company Secretary
  Chief Financial Officer

Date : 21.06.2014
Place : Mumbai



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

1 General information

LIC NOMURA 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

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

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.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

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

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.

Gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule XIV to the Companies Act, 1956, whichever is higher, as follows:-

Particulars	Rate of Depreciation (SLM)
Computer software	30%
Furniture and fittings	10%
Office equipments	10%
Computers	30%
Vehicles	20%
Leasehold improvement	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 are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortization rates used are:

Particulars	Rate of Depreciation (SLM)
Computer software	30%

(d) Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(e) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

(f) Revenue recognition

i) Investment Management Fees

Investment management fees are recognized net of service tax 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.

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 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 in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(h) Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/loss for the period after deducting preference dividend and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of the potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(i) Retirement and other employee benefit

Provident Fund: In terms of the Guidance on implementing the revised AS 15, issued by the Accounting Standards Board of the Institute of Chartered Accountants of India, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. However as at the year end no shortfall remains unprovided for. It is not practicable or feasible to actuarially value the liability considering that the rate of interest as notified by the Government can vary annually. Further the pattern of investments for investible funds is as prescribed by the Government. Accordingly other related disclosures in respect of provident fund have not been made.

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(j) Commission/incentive to agents for distribution of Mutual Fund units

Commission/incentive to agents for distribution of Mutual Fund units is recognised in the Statement of Profit and Loss in the year in which they arise.

Withheld commission/incentive to agents for distribution of Mutual Fund are paid only when valid claims are made within three years from when those amounts became due. Any claim made after three years are not paid. Accordingly, provisions for withheld brokerage are carried in the books of accounts only for three years from when the brokerage first became due.

(k) Current and deferred tax

Tax expense for the period, 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 is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

(l) Provision and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(m) Cash and bank balances

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(n) Stale cheques

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

(o) Foreign currency translation

Initial Recognition

All foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss. Foreign currency assets and liabilities at the year end are recognised at the exchange rates prevailing on the balance sheet date.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

3 Share capital

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
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, 2014		As at March 31, 2013	
	No.	₹	No.	₹
At the beginning of the year	11,000	110,000,000	11,000	110,000,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	11,000	110,000,000	11,000	110,000,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10,000 per share. Each holder of equity shares is entitled to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at March 31, 2014		As at March 31, 2013	
	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%



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

4 Reserves and surplus

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Securities Premium Account		
Balance as at the beginning of the year	790,000,000	790,000,000
Add: Collected during the year	-	-
Balance as at the end of the year	790,000,000	790,000,000
General reserve		
Balance as at the beginning of the year	519,640,000	519,640,000
Add: amount transferred from surplus balance in the statement of profit & loss	-	-
Balance as at the end of the year	519,640,000	519,640,000
Surplus/(Deficit) in the statement of profit and loss		
Balance as at the beginning of the year	(166,117,655)	(174,462,236)
Profit /(Loss) for the year	(166,302,610)	8,344,581
Balance as at the end of the year	(332,420,265)	(166,117,655)
Total	977,219,735	1,143,522,345

5 Other long-term liabilities

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Lease rent escalation	4,463,952	5,119,361
	4,463,952	5,119,361

6 Long-term Provisions

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Provision for employee benefits		
Provision for gratuity (refer note 22)	12,301,344	14,231,283
Provision for compensated absences	56,483,242	40,389,857
Other provisions		
Provision for contingencies	3,116,565	3,116,565
	71,901,151	57,737,705



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

7 Trade payables

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Trade payables *	43,530,048	39,746,618
	43,530,048	39,746,618

* 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.

8 Other current liabilities

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Employee benefits payable	2,426,723	1,909,330
Statutory dues including service tax and tax deducted at source	3,465,197	2,995,756
Payable for Fixed Assets	3,941,404	-
	9,833,324	4,905,086

9 Short-term Provisions

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Provision for employee benefits		
Provision for compensated absences	50,970	47,925
	50,970	47,925



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

10 Tangible Assets

Particulars	Gross Block			Accumulated Depreciation/Disposals/Adjustments	Net Block	
	April 1, 2013	Additions	Disposals		March 31, 2014	March 31, 2013
Own Assets:						
Leasehold Improvements	25,609,101	964,747	-	3,164,408	16,996,127	11,777,382
Office Equipment	5,787,871	508,847	-	580,355	2,949,652	3,418,574
Information Technology Equipment - Computer Hardware	51,191,115	4,750,257	194,700	12,371,050	44,282,221	19,222,947
Furniture & Fittings	4,690,829	336,475	-	289,435	3,183,471	1,796,793
Motor Vehicle	7,092,484	1,594,321	1,345,496	1,319,018	5,021,417	2,307,560
Total	94,371,400	8,154,647	1,540,196	17,724,266	72,432,888	38,523,256
March 31, 2013	93,794,751	1,044,873	468,224	17,949,743	55,848,144	-

11 Intangible Assets

Particulars	Gross Block			Accumulated Depreciation/Disposals/Adjustments	Net Block	
	April 1, 2013	Additions	Disposals		March 31, 2014	March 31, 2013
Own Assets:						
Computer Software	85,453,413	9,000	-	20,704,625	70,473,879	35,684,159
Total	85,453,413	9,000	-	20,704,625	70,473,879	35,684,159
March 31, 2013	80,640,413	4,813,000	-	21,876,264	49,769,254	-



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

12 Long-term loans and advances

(Unsecured and considered good)

Security deposits
Other deposits
Advance income-tax (net of provision of ₹ 479,800,000, March 2013 - ₹ 479,800,000)
Prepaid expenses
Capital advances

As at March 31, 2014 ₹	As at March 31, 2013 ₹
604,465	620,465
326,447	326,447
238,693,016	215,295,628
1,975,405	349,122
2,051,698	-
243,651,031	216,591,662

13 Current investments

Current portion of long term investments (Valued at cost)

(Quoted)

Investment in Bonds

NIL units (previous year 100 units) 6.85 % India Infrastructure Finance Company Limited (IIFCL) Tax Free Bonds
(Market Value ₹ NIL(previous year ₹ 9,816,330 as on March 28, 2013))

(At lower of cost or net asset value)

(Unquoted)

Investment in Mutual Fund

As at March 31, 2014 ₹	As at March 31, 2013 ₹
-	10,000,000
853,735,552	1,001,908,155

Plan	As at March 31, 2014		As at March 31, 2013	
	Units	Market Value	Units	Market Value
LIC N MF Liquid Fund- Growth (NAV ₹ Nil (previous year ₹ 2,128.0835))	-	-	83,537.3529	177,774,462
LIC N MF Liquid Fund- Direct (NAV ₹ 2326.7983 (previous year ₹ 2,128.2749))	374,371.2910	871,086,483	395,203.7450	841,102,211
	374,371.2910	871,086,483	478,741.0979	1,018,876,673

14 Trade receivables

(Unsecured & considered good)

Outstanding for a period more than six months from the date they are due for payment
Other receivable

As at March 31, 2014 ₹	As at March 31, 2013 ₹
-	-
41,270,870	33,664,728
41,270,870	33,664,728

15 Cash and bank balances

Cash and cash equivalents

Balances with banks in current accounts

As at March 31, 2014 ₹	As at March 31, 2013 ₹
28,017,229	18,158,805
28,017,229	18,158,805

16 Short-term loans and advances

(Unsecured, considered good unless stated other wise)

Advances recoverable in cash or kind
Prepaid expenses

As at March 31, 2014 ₹	As at March 31, 2013 ₹
2,789,305	3,829,043
3,993,697	2,363,589
6,783,002	6,192,632



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

17 Other current assets

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Others		
Interest accrued on investments	-	20,643
	<u>-</u>	<u>20,643</u>

18 Claims against the Company not acknowledged as debts

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Claims against the Company not acknowledged as debts		
- Income Tax matters	280,623,827	7,428,493

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.

19 Capital commitments

	As at March 31, 2014 ₹	As at March 31, 2013 ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	918,104	40,000

20 Revenue from operations

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Management fees from Mutual Fund (Gross)	269,503,943	251,712,486
Less: Service Tax	29,646,393	27,689,269
Management fees from Mutual Fund (Net)	239,857,550	224,023,217
Portfolio management fees (Gross)	9,236,373	19,956,714
Less: Service Tax	1,016,034	2,195,310
Portfolio management fees (Net)	8,220,339	17,761,404
Advisory fees	30,634,950	27,460,500
	<u>278,712,839</u>	<u>269,245,121</u>

21 Other income

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Interest on long term investment	664,357	685,000
Interest on income tax refund	-	10,437,068
Profit on sale of mutual fund units	84,857,247	164,888,282
Profit on sale of Fixed Assets	505,385	161,370
Provisions written back to the extent no longer required	1,361,044	543,490
Other non-operating Income	556,611	617,083
	<u>87,944,645</u>	<u>177,332,293</u>



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

22 Employees benefit expense

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Salaries, allowances and bonus (Net of reimbursements ₹4,106,564, previous year ₹ 11,484,440)	192,832,590	168,129,327
Staff welfare	17,446,370	14,658,856
Contribution to provident and other funds (refer note (a) below)	7,567,312	7,385,932
Leave encashment	19,585,597	13,359,457
Gratuity (refer note (b) below)	4,922,799	7,631,872
	242,354,668	211,165,444

Defined Benefit Plan

(a) Provident Fund

Provident fund for certain eligible employees is managed by the Company through the "Life Insurance Corporation Provident Fund Trust", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

(b) Gratuity

Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement whichever is earlier. The benefits vest after five years of continuous service.

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Assumption		
Discount Rate	8.30%	8.22%
Expected Rate of Return on Plan Assets	8.75%	8.75%
Salary Escalation	12.00%	12.00%
Attrition Rate		
Past Service 0 to 5 years	11.00%	11.00%
Past Service 5 to 25 years	1.00%	1.00%
Past Service 25 to 40 years	0.00%	0.00%
Mortality Rate	IALM(2006-08)Ult	LIC (1994-96) Ult
Retirement Age	60 Years	60 Years

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.



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

23 Other expenses

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Rent	20,190,923	19,192,496
Rates and taxes (Including ₹ 5,539,980 for earlier years, previous year ₹ Nil)	11,310,197	3,705,619
Electricity	7,209,206	6,814,674
Repair and maintenance - others	19,497,957	22,184,292
Insurance	1,613,043	1,371,807
Commission/incentive to agents for distribution of Mutual Fund units (refer note 27)	98,473,917	54,832,861
Legal charges	6,819	101,746
Professional fees	10,946,921	14,900,239
Publicity	12,194,239	6,566,655
Directors sitting fees	181,162	175,000
Board meeting expenses	1,783,012	1,715,067
Payment to auditors		
As Auditor		
- Audit fees	470,000	470,000
- Other services	80,000	80,000
- Out of pocket expenses	-	15,568
Travelling & conveyance	8,239,590	9,939,077
Printing & stationery	2,827,187	2,783,235
Seminar/meeting/conference expenses	1,731,910	2,764,772
Communication charges / Networking charges	16,687,652	14,998,975
Postage, telegram, couriers	3,098,769	2,935,506
Fund accounting charges	9,710,622	3,079,879
Scheme related expenses (refer note (a) below)	17,343,011	12,304,929
Other operating expenses	6,674,687	6,246,247
	250,270,824	187,178,644

(a) Scheme related expenses

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

24 Depreciation & amortization expense

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Depreciation of tangible assets	17,724,266	17,949,743
Amortisation of intangible assets	20,704,625	21,876,264
	38,428,891	39,826,007

25 Finance costs

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Interest on delayed for payment of tax	84,214	42,262
Bank charges	13,557	20,476
	97,771	62,738



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

26 Exceptional items

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Amount received in settlement of our claim on the Central Bank of India, for it having made improper encashment of dividend warrants	10,919,255	-
	10,919,255	-

27 Prior period Item

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Provision for commission withheld for financial year 2012-13 & 2011-12	12,727,195	-
	12,727,195	-

Commission/incentive to agents for distribution of Mutual Fund units are withheld from time to time on account of various reasons. Provisions for such withheld brokerage amounts are carried in the books of account for a period of three years from when they first become due. Any withheld brokerage not claimed within three years is not paid subsequently.

In the current year, a provision of ₹ 12,727,195 has been made for withheld brokerage relating to 2011 – 2012 and 2012 – 2013, which was not provided for in the previous years. Further, of ₹ 8,637,008 has been provided for, in the current year for brokerage withheld in the last twelve months which has been accounted under "Commission/incentive to agents for distribution of Mutual Fund units " under Note 23.

28 Earning per share (EPS)

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Profit/(Loss) Loss for calculation of basic EPS	(166,302,610)	8,344,581
	No. of Shares	No. of Shares
Weighted average number of equity shares in calculating basic EPS	11,000	11,000
Basic EPS in ₹	(15,118)	759

29 Current and Deferred tax

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

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Deferred Tax Liabilities		
Depreciation on fixed asset	1,885,894	8,984,227
Lease rent escalation	202,521	101,019
Total	2,088,415	9,085,246
Deferred Tax Assets		
Disallowance u/s 43B of Income Tax Act, 1961	7,052,644	5,016,352
Unabsorbed losses and allowances	365,842,599	402,957,590
Total	372,895,243	407,973,942
Deferred Tax Assets to the extent of Liability	2,088,415	9,085,246
Net Deferred Tax Asset/(Liabilities)		

(a) Deferred tax asset has been recognized only to the extent of Deferred Tax Liability in view of the carry forward losses and unabsorbed depreciation and absence of virtual certainty of realization of such assets.

(b) No provision for current tax has been made in view of taxable loss for the year.

30 Related party disclosures

Names of related parties:-

Particulars	Relationship
Life Insurance Corporation of India (LIC)	Associate
LIC Housing Finance Limited *	Associate
Nomura Asset Management Strategic Investment Pte.Ltd. (NAM) *	Associate
Nomura Services India Private Limited	Associate
LIC Nomura Mutual Fund	Mutual Fund managed by the Company
Nomura Asset Management Singapore Limited	Wholly owned subsidiary of NAM
Key Management Personnel	Nilesh Sathe, Chief Executive Officer

* No transactions during the year



LIC NOMURA MUTUAL FUND ASSET MANAGEMENT COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2014

(All amount in rupees unless otherwise stated)

Transactions/Balances	LIC Nomura Mutual Fund	Life Insurance Corporation of India (LIC)	Nomura Asset Management Singapore Limited	Nomura Services India Private Limited	Key Management Personnel	Total
Management Fees Income						
2014	239,857,550	-	-	-	-	239,857,550
2013	224,023,217	-	-	-	-	224,023,217
Advisory Fees Income						
2014	-	-	30,634,950	-	-	30,634,950
2013	-	-	27,460,500	-	-	27,460,500
Scheme expenses borne by the Company						
2014	17,343,011	-	-	-	-	17,343,011
2013	12,304,929	-	-	-	-	12,304,929
Rent and other charges paid for premises						
2014	-	28,681,576	-	-	-	28,681,576
2013	-	14,821,859	-	-	-	14,821,859
Contribution towards Provident Fund & Pension Fund						
2014	-	7,567,312	-	-	-	7,567,312
2013	-	7,385,932	-	-	-	7,385,932
Contribution to Gratuity for LIC employees						
2014	-	1,684,307	-	-	-	1,684,307
2013	-	1,950,630	-	-	-	1,950,630
Premium paid for Gratuity policy						
2014	-	196,745	-	-	-	196,745
2013	-	154,186	-	-	-	154,186
Professional fees for Manpower Deployment						
2014	-	-	-	2,728,364	-	2,728,364
2013	-	-	-	4,500,000	-	4,500,000
Reimbursement of expenses						
2014	-	-	4,106,564	-	-	4,106,564
2013	-	-	11,484,440	-	-	11,484,440
Remuneration to Key Management Personnel #						
2014	-	-	-	-	2,055,408	2,055,408
2013	-	-	-	-	1,677,685	1,677,685
Subscription in LIC Nomura Mutual Fund Schemes						
2014	742,500,000	-	-	-	-	742,500,000
2013	941,000,000	-	-	-	-	941,000,000
Redemption in LIC Nomura Mutual Fund Schemes						
2014	975,529,848	-	-	-	-	975,529,848
2013	1,063,500,000	-	-	-	-	1,063,500,000
Investment balance outstanding						
2014	853,735,552	-	-	-	-	853,735,552
2013	1,001,908,154	-	-	-	-	1,001,908,154
Receivables						
2014	22,982,051	1,113,938	15,024,950	-	-	39,120,939
2013	21,857,894	1,235,934	-	-	-	23,093,828
Payables						
2014	13,095,881	-	-	-	-	13,095,881
2013	11,550,363	-	-	-	-	11,550,363

Note

The above figures do not include provision towards Gratuity and Leave Encashment Liability as separate figure for Directors are not available. 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, 2014

(All amount in rupees unless otherwise stated)

31 Earnings in Foreign Currency

	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
Advisory fees	30,634,950	27,460,500

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

	As At March 31, 2014	As At March 31, 2013
Trade Receivable towards advisory fees		
In INR	15,024,950	-
In USD	\$250,000	-

33 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. The management is of the opinion that all relevant transactions are at arm's length so the above legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxes.

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

Signature to notes 1 to 34 forms part of the financial statements and to the above notes.

As per our report of even date

For Price Waterhouse & Co.
Firm Registration No : 050032S
Chartered Accountants

Alpa Kedia
Alpa Kedia
Partner
Membership No. 100681
July 31, 2014

For and on behalf of Board of Directors

Alpa Kedia
Chairman

Idhar Kanugun
Director

R. S. Sathre
Chief Executive Officer

Ashik
Company Secretary

Govind
Chief Financial Officer

Date : 21.06.2014
Place : Mumbai

