



## ANNUAL REPORT

IDBI ASSET MANAGEMENT LIMITED

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2013

## **Directors Report**

The Directors take immense pleasure in presenting the Third Annual Report together with the Profit & Loss account and Balance Sheet of IDBI Asset Management Ltd for the financial year 2012-13.

### **I. Overview**

In the third year of operation IDBI Mutual Fund has successfully launched the IDBI India Top 100 Equity Fund, Gold FOF, IDBI Gilt Fund and RGESS Fund in addition to multiple fixed maturity plans. The average quarterly asset under management of the AMC has grown from Rs 5482.14 crores (as on March 31, 2012) to Rs. 6248.90 crores by March 31, 2013. The AMC currently manages 5 debt schemes, 1 MIP, 3 equity schemes, 1 gold ETF, 1 gold FOF, 1 RGESS and 4 fixed maturity plans.

### **II. Financials**

The Company recorded a growth in its revenue and the financial details of the company for the financial year 2012-13 are as follows.

PARTICULARS	(Rs in crores)	
	2012-13	2011-12
Total Income	14.67	10.51
Profit/(Loss) before tax	(21.74)	(18.87)
Less : Deferred tax	(0.84)	(1.23)
Profit/(Loss) after taxes (PAT)	(20.90)	(17.64)
Balance Brought Forward from earlier Period	(44.15)	(26.51)
Amount available for Appropriation	Nil	Nil
Balance/(Loss) to be carried forward	(65.05)	(44.15)

### **III. Dividend**

The Company has decided not to declare any dividend for the year.

### **IV. Capital**

During the year we issued 1.5 crore shares of Rs. 10 each for a consideration of Rs. 15 crores to IDBI Capital Market Services Ltd, a wholly owned subsidiary of IDBI Bank Ltd under section 81(1A) of the companies Act 1956 after obtaining necessary approvals from SEBI.

## **V. Business Environment**

During FY13, the domestic market saw positives like strong monetary easing programs around the world, falling global commodity prices (specifically crude and gold), declining domestic inflation (leading to cuts in policy rates), hike in diesel prices (to reduce subsidy burden), improving fiscal deficit and reform measures like clearing of FDI in multi brand retail, offset negatives such as poor monsoons, tight liquidity, rising current account deficit, a depreciating rupee, confusion regarding the General Anti Avoidance Rules (GAAR) and the logjam in Parliament due to the CAG report alleging corruption in the allocation of coal blocks.

Globally, the U.S. economy showed signs of improvement, the EU region appeared to be weak but stable post bail out packages being announced and paid out, while Japan unveiled “Abenomics” strategy of liberal quantitative easing, inflation targeting and expanding public investment to propel the country back to growth mode. Specifically, the US saw a decline in unemployment rates to 7.8%. The year was also notable for the monetary easing programs announced by the US and Japan, leading to a surge in global liquidity and driving ‘risk on’ trades. The US announced QE3, targeting \$40 bn (subsequently increased to \$ 80 bn) in monthly bond purchases while Japan announced that it would ramp up its bond buying program meaningfully, targeting an inflation rate of 2%, up from a deflationary environment. Developed stock markets performed better than emerging markets as investors preferred to bet on the US and Japan economies. While the S&P 500 and the Nikkei indices recorded 11.4% and 22.9% gains respectively for FY 13, the German DAX gained by 12% and the FTSE fell by 4%. This compares to a 7.3% rise in the Indian broad market index, Nifty index, a 1.2% fall in the Shanghai index and a 0.6% fall in the MSCI Emerging Markets index. Politically too, FY13 was an important year as several countries saw a change in leadership. In particular, the US concluded its Presidential elections while China instituted a once-a-decade transfer of power to a new group of Communist leaders.

As expected, India GDP remained weak. Full year FY13 GDP was 5%, the lowest that the country has seen in the past 10 years. The deterioration in GDP could be seen progressively over the quarters with 1QFY13 GDP at 5.4%, 2QFY13 GDP at 5.2%, 3QFY13 GDP at 4.7% and 4QFY13 GDP at 4.8%. The IIP also continued to exhibit weakness during the year. Economists however believe that the economy had seen the worst and could potentially see a pick-up in growth in FY14. This, coupled with a gradual decline in inflation, particularly the core inflation, prompted the RBI to cut the repo and the CRR rates by 50 bps and 100 bps respectively during the year.

FII flows continued to be robust during FY13, registering a net inflow of about \$25 bn. Despite the strong flows, the rupee continued its downward slide and recorded a net depreciation of 6.3% primarily because of a steep increase in the current account deficit. FDI flows were disappointing during the year, recording a net inflow of about \$22 bn compared to \$35 bn in the previous year.

## **VI. Mutual Fund Industry**

The Indian Mutual Fund industry crossed a significant milestone when it closed the financial year with average assets under management (AUM) of more than Rs. 816,000 Crores for the Jan-Mar 2013 quarter. This represents a healthy growth of more than 22% over the average AUM for the same period in the previous financial year. The industry saw incremental inflows into income funds and gilt funds during the FY, while equity funds reported a small increase due to market gains.

On September 13, 2012, SEBI announced a slew of measures with the objective to increase penetration of mutual fund products and to energize the distribution network. Key highlights of these measures are –

1. To improve the geographical reach of mutual funds and, bring in long term money from smaller towns, AMCs will be allowed to charge additional TER (up to 30bps) depending upon the extent of new inflows from locations beyond top 15 cities.
2. Introduction of Direct Plan in all schemes to enable investors save on intermediation costs. Direct Plans will have lower expense ratio excluding distribution expenses and will have a separate NAV.
3. Fungibility in Total Expense Ratio (TER) alongwith additional expenses of 20 basis points over and above the maximum TER permitted currently for different categories of schemes
4. To aid investor education and awareness initiatives, mutual funds/AMCs are required to annually set apart at least 2 basis points p.a. on daily net assets within the maximum limit of TER
5. Accept investments in cash up to Rs. 20,000 per mutual fund per year to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers
6. Creation of a new cadre of distributors including postal agents, retired teachers/bank officers/government and semi-government officials to sell units of simple and performing mutual fund schemes. The new cadre of distributors would require a simplified form of NISM certification and AMFI registration.

Further SEBI has announced that, effective from 1st July 2013, all mutual funds are required to label their schemes according to their risk profile. The objective of product labeling is to address the issue of mis-selling as well as to provide the investors an easy understanding on kind of scheme they are investing in and its suitability to them.

The above measures are expected to benefit the industry in the long run and aid in its growth while improving mutual fund product acceptance amongst the retail investors.

Union Budget 2013 increased in the rate of tax on distributed income from 12.5% to 25% (with effect from 1st June 2013) for all types of funds, other than equity oriented fund, where distribution is made to an individual or a HUF. Higher dividend distribution tax will lower the tax free income in the hands of the investor. The Budget however, in a investor friendly move, slashed Securities Transaction Tax (STT) for both investors redeeming from mutual funds (from 0.25%) and mutual fund transaction on exchanges (0.1%) to 0.001%. Lower STT on transactions

will reduce transaction costs for mutual funds and investors alike and will have a positive contribution to returns.

## **VII. COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988**

In terms of the above rules issued by the Central Government the following information is furnished.

### **i) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:**

The Company is not involved in industrial manufacturing; and has not consumed energy more than required for its day to day operations.

### **ii) FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the financial year under review, the Company had bought 1163\$ of Foreign Exchange during the year.

### **iii) FIXED DEPOSITS:**

During the year, the Company has not accepted any deposits from the public under Section 58-A of the Companies Act, 1956.

## **VIII. DIRECTORS**

During the year under review, the following changes took place in the Board of Directors of the Company:

<b>S No</b>	<b>Name of the Director</b>	<b>Particulars</b>	<b>Appointed</b>	<b>Resigned</b>
1	R M Malla	Chairman & Director	23/02/2011	31/05/2013
2	R K Bansal	Director	30/03/2010	No
3	J N Godbole	Director	09/11/2010	No
4	Dr. Y S P Thorat	Director	29/04/2011	No
5	D Mallick	MD&CEO	29/04/2011	No
6	Lt. Gen. Mukesh Sabharwal	Additional Director	15/11/2011	No

## **IX. BOARD MEETINGS:**

Five board meetings were held during the financial year ending 31<sup>st</sup> March 2013 under review – 09.04.2012, 28.06.2012, 13.09.2012, 31.10.2012 and 08.02.2013.

The attendance of each director at the meetings of the Board of Directors is as under:

Directors Number of Board Meetings Attended

Sl. No.	Name of the Director	No. of Meetings held	No. attended
1	R M Malla	5	5
2	R K Bansal	5	5
3	J N Godbole	5	5
4	Dr. Y S P Thorat	5	4
5	D Mallick	5	5
6	Lt. Gen. Mukesh Sabharwal	5	5

#### **X. AUDIT COMMITTEE OF DIRECTORS:**

The Committee reviews the reports of internal and statutory auditors placed before them from time to time. An Independent Director chairs the Audit Committee. The Committee met four times during the year.

#### **XI. MODEL CODE OF CONDUCT**

The Directors confirm that all Board members and Senior Management have affirmed compliance with the Company's code of conduct for the financial year 2012-13.

#### **XII. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.**

The Directors hereby confirm:

(i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that reasonable and prudent accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made 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 the profit or loss of the company for that period;

(iii) that proper and sufficient care has been taken 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 the annual accounts have been prepared on a going concern basis.

### **XIII. PERSONNEL**

Employee relations remained cordial during the year. The Directors place on record their appreciation of the dedicated work put in by all the employees.

### **XIV. PARTICULARS OF EMPLOYEES**

As per Notification No. GSR 289(E) dated 31st March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of Rs. 60 lakhs or more per annum, employed throughout the financial year or, Rs. 5 lakhs per month, if employed for part of the financial year. As your company is a Government Company and none of the employee is drawing salary above the aforementioned limit, the information has not been included as a part of the Directors' Report.

### **XV. AUDITORS**

The Comptroller and Auditor General of India, New Delhi appointed M/s. L U Krishnan & Co as the Statutory Auditors of the Company, who will retire at the conclusion of the Annual General Meeting.

Under Section 224(8)(aa) of the Companies Act, 1956, the remuneration of Auditors appointed under Section 619 by the Comptroller and Auditor General of India, shall be fixed by the Company in the General Meeting. The Annual General Meeting has decided the remuneration as Rs. 200000/- till next review.

## **XVI. ACKNOWLEDGEMENTS**

The Directors take this opportunity to express their gratitude for the continued support and co-operation extended by the Securities and Exchange Board of India, Reserve Bank of India, IDBI Bank Ltd, IDBI Capital Market Services Limited, the Registrars & Transfer Agents, the Custodians, the Bankers, Market Intermediaries and Distributors, Government Agencies, Auditors, Association of Mutual Funds of India, Directors resigned from the Board and the Boards of Directors of IDBI MF Trustee company Limited.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sd/-	Sd,-
Mr. Debasish Mallick	Mr. Jayant Godbole
MD&CEO	CHAIRMAN
	(of the Meeting held on June 25, 2013)

Mumbai  
Dated: 25.06.2013



## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of IDBI Asset Management Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of IDBI Asset Management Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:
- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books .
  - c) the Balance Sheet, 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) As per the Notification No. G.S.R 829(E) dated 21.10.2003, issued under section 620(1) of the Companies Act 1956, clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable to government companies.
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For L.U.Krishnan & Co  
Chartered Accountants  
Firm's Registration Number-0015275

Sd/-  
(P.K.Manoj)  
(Partner)

Place: Mumbai

Date: 15.04.2013

Membership Number: 207550

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF M/S IDBI ASSETS MANAGEMENT LIMITED FOR THE YEAR ENDED 31st MARCH, 2013.**

On the basis of examination of books of accounts, checks carried out by us and according to the explanations given to us during the course of audit, we state that:

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) As explained to us, the management at reasonable intervals has physically verified the fixed assets and no material discrepancies were noticed on such verification.  
  
(c) There was no sale of substantial part of fixed assets during the period and hence the going concern status of the company is not affected.
- ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, para 4(ii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- iii) The company has not taken/granted any unsecured loans from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and also for rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) According to the information and explanations given to us, the Company has not entered into any transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi) The company has not accepted any deposits from the public. Accordingly, para 4(vi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

- vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
  
- viii) The Central Government has not prescribed for the company the maintenance of cost records under section 209(i)(d) of the Companies Act, 1956 for any of the services rendered by the company. Accordingly, para 4(viii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
  
- ix) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.  
  
(b) According to the information and explanations given to us, no undisputed amount is payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were outstanding as at 31<sup>st</sup> March 2013 for a period of more than six months from the date they became payable.  
  
(c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
  
- x) This is the Third year of operations and accordingly, para 4(x) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
  
- xi) The company did not have any outstanding dues to any financial institutions, banks or debenture holders during the year. Accordingly, para 4(xi) of the Companies (Auditor's Report) Order, 2003 is 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. Accordingly, para 4(xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
  
- xiii) In our opinion and according to the information and explanations given to us, the company is not a Chit Fund, Nidhi or Mutual benefit trust/society. Accordingly, para 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
  
- xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.

- xv) According to the information and explanations given to us, the company has not given any guarantee in respect of loans taken by others from banks and financial institutions. Accordingly, para 4(xv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xvi) The Company did not have any term loans outstanding during the year. Accordingly, para 4(xvi) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that prima facie no funds raised on short term basis have been utilized for any long term investment purposes
- xviii) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956. Accordingly, para 4(xviii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xix) The company did not have any outstanding debentures during the year. Accordingly, para 4(xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xx) The company has not raised any money from public issues during the year. Accordingly, para 4(xx) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit

For L.U.Krishnan & Co  
Chartered Accountants  
Firm's Registration Number-0015275

Place: Mumbai  
Date: 15.04.2013

Sd/-  
(P.K.Manoj)  
(Partner)  
Membership Number: 207550



सत्यमेव जयते

भारतीय लेखा तथा लेखापरीक्षा विभाग

कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा तथा पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुम्बई

INDIAN AUDIT AND ACCOUNTS DEPARTMENT

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-I, MUMBAI  
Confidential

No. GA/R-I/A/cs/IDBI AML/12-13/35

11 JUN 2013

The Managing Director  
IDBI Asset Management Limited,  
5<sup>th</sup> floor, Mafatlal Centre,  
Nariman Point,  
Mumbai 400021

**Sub: Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of IDBI Asset Management Limited for the year ended 31 March 2013**

Sir,

Please find enclosed the comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of IDBI Asset Management Limited for the year ended 31 March 2013. The comments may be placed next to the Statutory Auditors' report with a proper indication in the list of contents in the printed Annual Report.

A copy of the proceedings of the Annual General Meeting (AGM) adopting the certified accounts, Statutory Auditors' report and comments of the Comptroller and Auditor General of India may be forwarded to this office immediately after conclusion of the AGM. Ten copies of the printed Annual Report may also be sent to this office.

Receipt of this letter and the enclosures may please be acknowledged.

Yours faithfully,

(Y. N. Thakare)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai

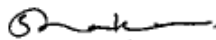
Encl : As above

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF IDBI ASSET MANAGEMENT LIMITED FOR THE YEAR ENDED 31 MARCH 2013**

The preparation of financial statements of IDBI Asset Management Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 April 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor's on the accounts of IDBI Asset Management Limited for the year ended 31 March 2013 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller and Auditor General of India



(Y. N. Thakare)  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date : 11 June 2013



# IDBI ASSET MANGEMENT LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2013

Amount in Rupees

	Particulars	Note	31 March' 2013	31 March' 2012
I.	<b><u>EQUITY AND LIABILITIES</u></b>			
1	Shareholders' funds			
	(a) Share capital	1	900,000,000	750,000,000
	(b) Reserves and surplus	2	(650,587,659)	(441,552,399)
2	Non-current liabilities			
	(a) Deferred tax liabilities (Net)		-	2,229,503
	(b) Long-term provisions	3	8,452,859	6,854,899
3	Current liabilities			
	(a) Trade payables		46,292,638	39,841,066
	(b) Other current liabilities	4	2,505,397	2,428,661
	(c) Short-term provisions	5	961,547	1,045,433
	<b>Total</b>		<b>307,624,782</b>	<b>360,847,163</b>
II.	<b><u>ASSETS</u></b>			
	Non-current assets			
1	(a) Fixed assets			
	(i) Tangible assets	6	11,010,470	20,123,340
	(ii) Intangible assets	7	7,489,814	11,436,912
	(b) Deferred tax Asset (Net)		6,189,359	-
	(c) Other non-current assets	8	32,802,385	36,541,187
2	Current assets			
	(a) Current investments	9	198,554,353	136,581,186
	(b) Trade receivables	10	3,650,019	8,077,010
	(c) Cash and Bank Balances	11	495,856	100,184,044
	(d) Short-term loans and advances	12	3,107,982	4,831,919
	(e) Other current assets	13	44,324,543	43,071,566
	<b>Total</b>		<b>307,624,782</b>	<b>360,847,163</b>
	Significant accounting policies and other notes	19		

vide our report of even date  
For L U Krishnan & Co  
Chartered Accountants  
Firm Regn No 001527S

Sd/-  
P.K.Manoj  
Partner  
M.No.207550

Place : Mumbai  
Date : 15 April 2013

For IDBI Asset Management Ltd

Sd/-  
R M Malla  
Chairman

Sd/-  
Debashish Mallick  
Managing Director & CEO

Sd/-  
Mahesh Kumar  
Company Secretary

# IDBI ASSET MANGEMENT LIMITED

Profit and Loss Statement for the year ended 31 March' 2013

Amount in Rupees

	Particulars	Note	31 March' 2013	31 March' 2012
I.	<b>Income</b>			
	(a) Revenue from operations	14	137,210,316	89,415,684
	(b) Other income	15	9,446,429	15,686,662
	<b>Total Revenue (a + b)</b>		<b>146,656,745</b>	<b>105,102,346</b>
II.	<b>Expenses</b>			
	(a) Employee benefits expense	16	139,237,562	125,789,849
	(b) Depreciation and amortization expense	17	14,148,230	14,290,217
	(c) Other expenses	18	210,725,075	153,756,076
	<b>Total expenses(a+b+c)</b>		<b>364,110,867</b>	<b>293,836,142</b>
III	<b>Loss before tax (V- VI)</b>		(217,454,122)	(188,733,796)
IV	<b>Tax expense:</b>			
	(1) Current tax		-	-
	(2) Deferred tax		(8,418,862)	(12,354,944)
V	<b>Loss for the year from continuing operations (VII-VIII)</b>		(209,035,260)	(176,378,852)
VI	<b>Loss for the year (IX + XII)</b>		(209,035,260)	(176,378,852)
VII	<b>Earnings per equity share:</b>			
	(1) Basic		(2.73)	(2.86)
	(2) Diluted		(2.73)	(2.86)
	Significant accounting policies and other notes	19		

vide our report of even date  
For L U Krishnan & Co  
Chartered Accountants  
Firm Regn No 001527S

Sd/-  
P.K.Manoj  
Partner  
M.No.207550

Place : Mumbai  
Date : 15 April 2013

For IDBI Asset Management Ltd

Sd/-  
R M Malla  
Chairman

Sd/-  
Debashish Mallick  
Managing Director & CEO

Sd/-  
Mahesh Kumar  
Company Secretary

# IDBI ASSET MANGEMENT LIMITED

## Cash Flow Statement for the period ended 31st March 2013

Amount in Rupees

Particulars	31 March' 2013	31 March' 2012
<b>(A) Cash Flow from Operating Activities :</b>		
Loss for the year	(217,454,122)	(188,733,796)
Add: Adjustments		
Loss on sale of Assets	156,259	22,437
Depreciation & amortisation	14,148,230	14,290,217
Provision for depreciation no longer required written back	(500,000)	-
Interest Income	(378,953)	(659,697)
Dividend Income	(8,351,134)	(14,684,546)
Other Income	(44,308)	(240,128)
Net gain on sale of investments	(172,034)	(102,291)
Operating Loss before Working Capital changes	<b>(212,596,062)</b>	<b>(190,107,803)</b>
(Increase)/ Decrease Trade receivables	4,426,991	(1,996,448)
(Increase)/ Decrease Short-term loans and advances	1,723,937	(1,408,390)
(Increase) / Decrease in other non current asset	3,738,802	2,789,226
(Increase)/ Decrease in Other current assets	(1,252,977)	(7,817,380)
Increase/ (Decrease) Long-term provisions	1,597,960	4,056,831
Increase/ (Decrease)Trade payables	7,701,572	(11,650,468)
Increase/ (Decrease) Other current liabilities	76,736	(2,016,989)
Increase/ (Decrease) Short-term provisions	(83,886)	(82,912)
Net change in working capital	<b>17,929,134</b>	<b>(18,126,529)</b>
<b>Net Cash used in Operating activities (A)</b>	<b>(194,666,929)</b>	<b>(208,234,332)</b>
<b>(B) Cash Flow from Investing activities</b>		
Purchase of Fixed Assets	(2,039,621)	(13,876,889)
(Increase) /Decrease in current investment	(45,000,000)	(25,000,000)
Sale of Fixed Assets	45,100	72,048
Net gain on sale of investments	172,034	102,291
Other Income	44,308	240,128
Dividend Income	8,351,134	14,684,546
Interest Income	378,953	659,697
<b>Net Cash (used) / Received in Investing Activities (B)</b>	<b>(38,048,092)</b>	<b>(23,118,179)</b>
<b>(C) Cash Flow from Financial activities</b>		
Increase in Share Capital	150,000,000	250,000,000
<b>Net Cash (used) / Received in Financial Activities (C)</b>	<b>150,000,000</b>	<b>250,000,000</b>
<b>Net increase in Cash &amp; Cash Equivalents for the year (A+B+C)</b>	<b>(82,715,020)</b>	<b>18,647,489</b>
<b>Cash &amp; Cash Equivalents at the begining of the period</b>	<b>211,765,229</b>	<b>193,117,741</b>
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>129,050,209</b>	<b>211,765,229</b>

vide our report of even date  
For L U Krishnan & Co  
Chartered Accountants  
Firm Regn No 0015275

Sd/-  
P.K.Manoj  
Partner  
M.No.207550

Place : Mumbai  
Date : 15 April 2013

For IDBI Asset Management Ltd

Sd/-  
R M Malla  
Chairman

Sd/-  
Debashish Mallick  
Managing Director & CEO

Sd/-  
Mahesh Kumar  
Company Secretary

# IDBI ASSET MANGEMENT LIMITED

## NOTES FORMING PART OF THE BALANCE SHEET

### Note 1: Share capital

	Amount in Rupees	
	31 March' 2013	31 March' 2012
<b>Authorised</b>		
100,000,000 Equity Shares of Rs. 10 each(100,000,000 Equity shares of Rs.10 each)	1,000,000,000	1,000,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
90,000,000 Equity Shares of Rs. 10 each(75,000,000 Equity shares of Rs.10 each)	900,000,000	750,000,000
<b>Total</b>	<b>900,000,000</b>	<b>750,000,000</b>

### Reconciliation of number of shares outstanding

	Nos.of Shares	
	31 March' 2013	31 March' 2012
Shares outstanding at the beginning of the year	75,000,000	50,000,000
Shares Issued during the year	15,000,000	25,000,000
Shares brought back during the year	-	-
Shares outstanding at the end of the year	<b>90,000,000</b>	<b>75,000,000</b>

### Details of Shareholdings

Name of Shareholder	31 March' 2013		31 March' 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IDBI Bank Limited ( Holding Company) and its Nominees	50,000,000	55.56	50,000,000	66.67
IDBI Capital Market Services Limited	40,000,000	44.44	25,000,000	33.33
<b>Total</b>	<b>90,000,000</b>	<b>100.00</b>	<b>75,000,000</b>	<b>100.00</b>

### Note 2: Reserves and surplus

	Amount in Rupees	
	31 March' 2013	31 March' 2012
<b>Surplus</b>		
Opening balance	(441,552,399)	(265,173,547)
(+) Loss For the current year	(209,035,260)	(176,378,852)
Closing Balance	<b>(650,587,659)</b>	<b>(441,552,399)</b>

### Note 3: Long-term provisions

	Amount in Rupees	
	31 March' 2013	31 March' 2012
<b>Provision for employee benefits</b>		
(a) Gratuity (Funded)	2,790,858	3,723,859
(b) Leave Encashment (Unfunded)	5,662,001	3,131,040
<b>Total</b>	<b>8,452,859</b>	<b>6,854,899</b>

# IDBI ASSET MANGEMENT LIMITED

## NOTES FORMING PART OF THE BALANCE SHEET

### Note 4: Other current liabilities

	Amount in Rupees	
	31 March' 2013	31 March' 2012
(a) TDS payable	2,262,325	2,410,729
(b) Service Tax Payable	218,212	-
(c) Professional Tax Payable	24,860	17,932
<b>Total</b>	<b>2,505,397</b>	<b>2,428,661</b>

### Note 5: Short-term provisions

	Amount in Rupees	
	31 March' 2013	31 March' 2012
<b>Provision for employee benefits</b>		
Salary & Reimbursements	-	190,618
Contribution to PF	961,547	854,815
<b>Total</b>	<b>961,547</b>	<b>1,045,433</b>

### Note 6: Tangible assets - Attached Separately

### Note 7: Intangible assets - Attached Separately

### Note 8: Other non-current assets

	Amount in Rupees	
	31 March' 2013	31 March' 2012
Deferred Revenue Expenditure	32,802,385	36,541,187
<b>Total</b>	<b>32,802,385</b>	<b>36,541,187</b>

### Note 9: Current investments

	31 March' 2013		31 March' 2012	
	Units	Amount	Units	Amount
<b>Investment in IDBI Mutual Fund - Quoted (Valued at lower of cost or market value)</b>				
(i) IDBI Ultra Short Term Bond Fund - Daily Dividend face value of Rs.1000 each	126,241	126,349,190	99,163	99,162,680
(ii) IDBI Short Term Bond Fund - Weekly Dividend face value of Rs.10 each	-	-	1,241,630	12,418,506
(iii) IDBI Liquid Fund - Daily Dividend face value of Rs.10 each	2,205	2,205,163	-	-
(iv) IDBI FMP - 380 Days Series - II ( March 2012) - E - Dividend face value of Rs.10 each	2,500,000	25,000,000	2,500,000	25,000,000
(v) IDBI FMP - 367 Days Series - III (February 2013) - A - Growth face value of Rs.10 each	3,000,000	30,000,000	-	-
(vi) IDBI FMP- 385 Days Series- III ( March 2013)- B- Dividend face value of Rs.10 each	1,500,000	15,000,000	-	-
<b>Total</b>		<b>198,554,353</b>		<b>136,581,186</b>
Aggregate amount of quoted investments		<b>198,554,353</b>		<b>136,581,186</b>
Market value /NAV of quoted investments		<b>201,684,488</b>		<b>136,827,896</b>
Aggregate provision made for diminution in value of Investments		-		-

# IDBI ASSET MANGEMENT LIMITED

## NOTES FORMING PART OF THE BALANCE SHEET

### Note 10: Trade receivables

	Amount in Rupees	
	31 March' 2013	31 March' 2012
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	3,650,019	8,077,010
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
<b>Total</b>	<b>3,650,019</b>	<b>8,077,010</b>

### Note 11: Cash and Bank Balances

	Amount in Rupees	
	31 March' 2013	31 March' 2012
Cash and cash equivalents		
(a) Balances with banks	495,243	100,181,559
(b) Cash on hand	613	2,484
<b>Total</b>	<b>495,856</b>	<b>100,184,044</b>

# IDBI ASSET MANGEMENT LIMITED

## NOTES FORMING PART OF THE BALANCE SHEET

### Note 12: Short-term loans and advances

	Amount in Rupees	
	31 March' 2013	31 March' 2012
Staff advance	1,345,706	192,496
Advance to vendors	1,762,276	4,639,423
<b>Total</b>	<b>3,107,982</b>	<b>4,831,919</b>

### Note 13: Other current assets

	Amount in Rupees	
	31 March' 2013	31 March' 2012
Scheme Expenses Receivable	3,100,216	2,184,279
Deposits - Premises Rental	-	10,204,480
Deposits - Others	173,999	273,594
Service Tax-Input Credit	7,331,667	13,245,919
Tax deducted at source	29,081,970	13,494,339
Prepaid expense	2,917,038	3,010,258
Interest Accrued but not due	-	658,697
Other Receivables	1,719,653	-
<b>Total</b>	<b>44,324,543</b>	<b>43,071,566</b>

**IDBI ASSET MANGEMENT LIMITED**  
**NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

**Note 14: Revenue from operations**

Amount in Rupees

	31 March' 2013	31 March' 2012
Sale of services	137,210,316	89,415,684
<b>Total</b>	<b>137,210,316</b>	<b>89,415,684</b>

**Note 15: Other income**

Amount in Rupees

	31 March' 2013	31 March' 2012
Interest Income	378,953	659,697
Dividend Income	8,351,134	14,684,546
Net gain/loss on sale of investments	172,034	102,291
Other non-operating income (net of expenses directly attributable to such income)	44,308	240,128
Provision for depreciation no longer required written back	500,000	-
<b>Total</b>	<b>9,446,429</b>	<b>15,686,662</b>

**Note 16: Employee benefits expense**

Amount in Rupees

	31 March' 2013	31 March' 2012
(a) Salaries and incentives	122,337,936	111,022,603
(b) Contributions to -		
(i) Provident fund	5,987,771	5,550,626
(ii) Gratuity fund	2,637,593	925,791
(b) Staff welfare expenses	5,508,661	5,104,458
(c) Staff Training Expenses	234,640	55,331
(d) Leave Encashment	2,530,961	3,131,040
<b>Total</b>	<b>139,237,562</b>	<b>125,789,849</b>

**Note 17: Depreciation and amortization expense**

Amount in Rupees

	31 March' 2013	31 March' 2012
(a) Tangible assets	9,501,806	9,185,342
(b) Intangible assets	4,646,424	5,104,875
<b>Total</b>	<b>14,148,230</b>	<b>14,290,217</b>

**Note 18: Other expenses**

Amount in Rupees

	31 March' 2013	31 March' 2012
Office Rent	19,599,696	24,078,471
House-keeping, Maintenance & Others	5,377,912	5,676,525
Electricity & Water	3,034,046	4,535,935
Telephone expenses	2,766,049	3,122,719
IT & Networking Expenses	14,074,247	11,899,937
Professional & Consultancy Fees	2,275,354	3,951,671
Printing & Stationery	1,624,260	1,382,470
Courier & Postage	3,387,083	1,468,818
Local Conveyance	4,074,367	2,948,672
Bank Charges	4,539	23,425
Rates & Taxes	305,025	4,131,712
Travel & Halting Expenses	7,023,849	7,283,863



**IDBI ASSET MANGEMENT LIMITED**  
**NOTES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

Note 18 Contd.

Amount in Rupees

Subscriptions	9,813,840	8,847,978
Membership & Subscriptions to AMFI/SEBI	2,554,438	2,000,000
Director Sitting Fees	325,000	230,000
Repairs & Maintenance	1,614,228	3,676,599
Loss on Sale of Assets	156,259	22,437
Audit fees	265,000	248,175
Miscellaneous expenses	885,072	800,493
Advertisement Expenses	11,643,589	13,787,990
Business Promotion expenses	1,103,769	1,869,928
Conference & Seminars	4,949,437	3,308,151
Printing Material	5,225,693	2,629,332
Entertainment Expenses	2,482,924	955,180
Distributors' Brokerage	68,036,094	29,645,804
Distributors' Incentives/Fees	938,721	3,091,082
Register & Transfer agent and other expenses	1,025,323	569,965
Other Sales & Distribution Costs	1,044,765	1,175,304
Out Bound Sales Expenses	8,879,720	8,352,206
Scheme Overlap Expenses	26,234,779	2,041,234
<b>Total</b>	<b>210,725,075</b>	<b>153,756,076</b>

**IDBI ASSET MANGEMENT LIMITED**  
NOTES FORMING PART OF THE BALANCE SHEET

Note 6 : Tangible assets

Amount in Rupees

	Gross Block				Accumulated Depreciation				Net Block	
	31 March' 2012	Additions	Disposals	31 March' 2013	31 March' 2012	Depreciation charge for the year	On disposals	31 March' 2013	31 March' 2013	31 March' 2012
<b>Tangible Assets</b>										
(a) Furniture and Fixtures	4,712,906	74,967	-	4,787,873	420,441	411,255	-	831,696	3,956,177	4,292,464
(b) Communication Equipment	930,657	169,000	75,190	1,024,467	343,761	265,365	30,507	578,619	445,848	586,896
(c) Office equipment	3,866,848	233,340	175,246	3,924,942	619,195	311,716	56,722	874,189	3,050,753	3,247,652
(d) Computer Hardware	25,625,119	112,988	78,465	25,659,642	13,628,793	8,513,470	40,313	22,101,950	3,557,692	11,996,326
<b>Total</b>	<b>35,135,529</b>	<b>590,295</b>	<b>328,901</b>	<b>35,396,923</b>	<b>15,012,190</b>	<b>9,501,806</b>	<b>127,542</b>	<b>24,386,455</b>	<b>11,010,470</b>	<b>20,123,340</b>
<b>Previous year</b>	<b>25,466,779</b>	<b>9,798,805</b>	<b>130,055</b>	<b>35,135,529</b>	<b>5,862,416</b>	<b>9,185,332</b>	<b>35,558</b>	<b>15,012,190</b>	<b>20,123,340</b>	<b>19,604,363</b>

Note 7 : Intangible assets

Amount in Rupees

	Gross Block				Accumulated Depreciation				Net Block	
	31 March' 2012	Additions	Disposals*	31 March' 2013	31 March' 2012	Depreciation charge for the year	On disposals*	31 March' 2013	31 March' 2013	31 March' 2012
<b>Intangible Assets</b>										
(a) Computer software	20,696,682	1,449,326	1,250,000	20,896,008	9,259,770	4,646,424	500,000	13,406,194	7,489,814	11,436,912
<b>Total</b>	<b>20,696,682</b>	<b>1,449,326</b>	<b>1,250,000</b>	<b>20,896,008</b>	<b>9,259,770</b>	<b>4,646,424</b>	<b>500,000</b>	<b>13,406,194</b>	<b>7,489,814</b>	<b>11,436,912</b>
<b>Previous year</b>	<b>16,618,597</b>	<b>4,078,085</b>	<b>-</b>	<b>20,696,682</b>	<b>4,154,895</b>	<b>5,104,875</b>	<b>-</b>	<b>9,259,770</b>	<b>11,436,912</b>	<b>12,463,702</b>

# IDBI ASSET MANAGEMENT LIMITED

## Net worth Statement as at 31st March 2013

Amount in Rupees

31 March' 2013

### Fixed Assets (1)

Fixed Assets - Gross Block	56,292,931
Less Accumulated Depreciation	37,792,649
Subtotal	<b>18,500,282</b>

### Investments (2)

**198,554,353**

### Current Asset (A)

#### Non current Asset (I)

Other non-current assets	32,802,385
Deferred tax Asset (Net)	6,189,359
Subtotal	<b>38,991,744</b>

#### Current Assets (II)

AMC Fees Receivable	3,650,019
Scheme Expenses Receivable	3,100,216
Other advances & receivables	3,107,982
Deposits-Rental & Others	173,999
Service Tax-Input Credit	7,331,667
Tax Deducted at Source	29,081,970
Cash & Bank	495,856
Prepaid expense	2,917,038
Other Receivables	1,719,654
Subtotal	<b>51,578,400</b>

### Total Current Asset (I+II)

**90,570,145**

### Less : Current Liabilities (B)

#### Non current liabilities (I)

NIL

Long-term provisions	8,452,859
Subtotal	<b>8,452,859</b>

### Current Liabilities (II)

Trade payables	46,292,638
Other current liabilities	2,505,397
Short-term provisions	961,547
Deferred tax liabilities (Net)	-
	<b>49,759,581</b>
<b>Total current liabilities (I+II)</b>	<b>58,212,440</b>
<b>Net Current Assets(3) (A)-(B)</b>	<b>32,357,705</b>
<b>Net Worth (1+2+3)</b>	<b>249,412,340</b>
<i>Represented by:</i>	
ShareHolders' Funds	900,000,000
Reserves& surpluses	(650,587,660)
	<b>249,412,340</b>
For and behalf of the Board of Directors	
<b>IDBI ASSET MANGEMENT LIMITED</b>	
Sd/- R M Malla Chairman	Sd/- Debashish Mallick Managing Director & CEO

# IDBI Asset Management Limited

## Note 19: Significant accounting policies and other notes

For the period ended 31<sup>st</sup> March 2013

### 1. Background

IDBI Asset Management Company Limited was incorporated on 25th Jan 2010 as a Public limited company. The principal activity of the Company is to act as an Investment manager and advisor to IDBI Mutual Fund (“the Fund”). The Financial statements for the financial year ending 31<sup>st</sup> March 2013 are being submitted.

### 2. Significant Accounting Policies

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 (‘the Act’) and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006, to the extent possible.

#### 2.2 Revenue Recognition

##### Investment Management fees:

Investment Management fees are recognized net-off service tax on an accrual basis as a percentage of the average daily net assets of the schemes of IDBI Mutual funds, such that it does not exceed the rates prescribed by the Securities and Exchange Board of India (‘SEBI’) (Mutual Fund) Regulations, 1996 (the ‘Regulations’) and any other amendments or scheme information document of the respective schemes.

##### Other income:

Interest income is accounted for on period proportion basis. Dividend income is recognized when the right to receive dividend is established.

#### 2.3 Use of estimates

The preparation of the financial statements is in conformity with generally accepted accounting principles (“GAAP”) in India which requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

## 2.4 Fixed assets and depreciation:

- a) Fixed assets are carried at cost of acquisition less accumulated depreciation and impairment. Cost includes freight, duties, taxes, and incidental expenses related to the acquisition and installation of the assets.
- b) Depreciation is provided on Straight Line Method (SLM) as prescribed in Schedule XIV to the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV of the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a fixed asset, at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, depreciation is provided at a higher rate based on management's estimates of the useful life/remaining useful life. Pursuant to this policy, depreciation has been provided using the following rates:

Class of Fixed Assets	Rate of Depreciation (In % )
Furniture & Fixtures	8.33
Office Equipment	8.33
IT Hardware	33.33
Consumer durables with Employees	20.00

Computer software individually costing more than 2.50 lakhs is capitalized and depreciated over a period of 5 years Computer software individually costing less than 2.50 lakhs is fully depreciated in the year of purchase/acquisition.

- c) The Company provides pro-rata depreciation from the date the asset is purchased and for any asset sold until the date of sale.
- d) Fixed assets individually costing 5,000 or less are fully depreciated in the year of purchase / acquisition
- e) **Impairment of assets:**

The Company assesses at each Balance Sheet Date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

## 2.5 Earnings per share

The basic /diluted earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting period.

## 2.6 Employee benefits

### **Gratuity:**

Gratuity liability is a defined benefit obligation and is funded through a Gratuity Fund administered and managed by the Life Insurance Corporation of India. The Company accounts for liability for future gratuity benefits based on the actuarial valuation using Projected Unit Credit Method carried out as at the end of each financial year.

### **Provident fund:**

The Company contributes to a recognized provident fund. The contributions are accounted for on an accrual basis and are recognized as an expense in the profit and loss account.

### **Short term employee benefits:**

Short term employee benefits are recognized as an expense in the profit & loss account of the year in which the services are rendered.

### **Compensated absences:**

The company provides for Compensated absence subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation carried out as at the end of each financial year.

## 2.7 Taxation

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

### **Current taxes**

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

### **Deferred taxes**

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

## **2.8 Provisions and Contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When 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.

Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognized in the period in which the change occurred.

## **2.9 Cash & Cash Equivalents:**

Cash & Cash Equivalents comprise Cash & Current account balances with Banks. The Company considers all highly Liquid Investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents

## **2.10 Cash Flow Statement:**

Cash Flows are reported using indirect method whereby net profits before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item if income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated

## **2.11 Amortization of New Fund Offer expenses:**

Expenses incurred towards Marketing and Distribution of New Fund offers are amortized over a period of 36 months in the case of open ended funds and over the tenure of the closed ended funds.

## **2.12 Scheme expenses:**

Expenses of the scheme of IDBI Mutual Fund in excess of the limits prescribed by the Securities and Exchange Board of India (Mutual Fund) Regulations Act 1996 are required to be borne by the Company as per the said regulations and as such are charged to the Profit and Loss account.

## **2.13 Operating Lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term, are classified as operating leases. Operating lease rentals are recognized as an expense in the Profit and Loss Account.



### 3. Other Notes to Accounts

3.1 Estimated amount of contract remaining to be executed on capital account and not provided for is NIL

3.2 Contingent liabilities in respect of claims not acknowledged and letter of credit is NIL

#### 3.3 Employee benefits:

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

##### a) Defined Contribution Plan

###### Provident Fund

The Company has recognized the following amounts in Profit and Loss Account, which are included under Contribution to Provident & Other Funds:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Employer’s contribution to Provident Fund	59,87,771	55,50,626

##### b) Defined Benefit Plan

###### Contribution to Gratuity Fund (Funded Scheme)

In accordance with Payment of Gratuity Act, the Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee’s salary and the years of employment with the Company.

The gratuity benefit is provided through a Gratuity Fund administrated and managed by the Life Insurance Corporation of India. The annual contributions to the gratuity fund and provision is made on the basis of actuarial valuation.

Reconciliation of opening and closing balance of the present value of defined benefit obligation for Gratuity benefits are given below:

Change in funded benefit obligations	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Present value of funded benefit obligations, 1st April	37,23,859	27,98,068
Service cost	19,83,982	19,29,448
Interest cost	3,16,528	2,23,845
Liability Transfer out	-	-
Benefits paid	-	-

Actuarial (gain)/loss on obligations	3,64,891	(12,27,502)
<b>Present value of funded benefit obligations as at 31st March</b>	<b>63,89,260</b>	<b>37,23,859</b>

**Reconciliation of opening and closing Balance of Fair Value of Plan Assets**

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Fair value of plan assets ,as at beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	27,808	-
Employer contribution	35,70,594	-
Benefits paid	-	-
Transfer to other company	-	-
<b>Fair value of plan assets at the year end</b>	<b>35,98,402</b>	<b>-</b>

**Reconciliation of Fair Value of Assets and Obligations**

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Present Value of Benefit Obligation as at the end of the period	(63,89,260)	(37,23,859)
Fair Value of Plan Assets at the end of period	35,98,402	-
<b>Net ( Liability) / Asset recognized in the Balance Sheet</b>	<b>(27,90,858)</b>	<b>(37,23,859)</b>

**Expense recognized during the year**

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Current Service Cost	19,83,982	19,29,448
Interest Cost	3,16,528	2,23,845
Expected return on plan assets	-	-
Actuarial (gain) / loss	3,37,083	(12,27,502)
<b>Expenses recognized in Profit and Loss A/C</b>	<b>26,37,593</b>	<b>9,25,791</b>

## Experience Adjustments

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
(Gains) / Losses on Plan Liabilities	23,003	12,27,502
Gains / (Losses) on Plan Assets	27,808	-
Estimated Contribution for next year	38,11,616	-

The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment. Actuarial assumptions used are:-

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Discount rate	8.00%	8.50%
Salary escalation rate	11.00%	10.00%
Attrition rate	7.00%	5.00%
Expected return on plan assets	8.70%	-

### c) Accumulated Compensated Absences:

The Company provides for accumulated compensated absences as at balance sheet date using project unit credit method. This method takes into account the pattern of availment and quantifying salary on the date of availment of leave. Present value of obligation for accumulated compensated absences as determined by the Actuary is given below:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Present value of obligation as at end of the year	56,62,001	31,31,040
Fair value of plan assets	-	-
Actuarial assumption used		
Discount rate	8.00%	8.50%
Salary escalation rate	11.00%	10.00%
Cost recognized during the year	25,30,961	31,31,040

### 3.4 Operating lease

The Company has entered into non-cancelable leasing arrangements for certain assets. The total lease payments recognized in the Profit and Loss Account towards the said leases amounts to 56, 03,202/-.

The future lease payments in respect of the above are as follows:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Not Later than One year	35,96,640	56,53,140
Later than one year but not later than five years	13,19,365	55,69,535

### 3.5 Related party disclosures:

As required under Accounting Standards (AS-18) the following are details of related parties and transactions with them.

(A) List of related parties and relationships :

I	Individuals having control with relatives & associates	
	Debasish Mallick	Managing Director and Chief Executive Officer

II	Key Management Personnel	
	Debasish Mallick	Managing Director and Chief Executive Officer

III	Entities owned or significantly influenced by Directors and/or key management personnel or their relative and with whom Company has entered into transactions during the period under review	
	IDBI Bank Limited	Holding Company
	IDBI Capital Market Services Ltd	Group Company
	IDBI In-tech Limited	Group Company
	IDBI Trustee Company Limited	Group Company
	IDBI Federal Life Insurance Company Limited	Group Company

IV	Entities owned or significantly influenced by Directors and/or key management personnel or their relative and with whom Company has not entered into transactions during the period under review	

	NIL	NIL
--	-----	-----

(B) Transaction with related parties:

	Amount in Rupees	
<b>IDBI Bank Limited :</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
Deposits Placed with IDBI Bank	NIL	10,00,00,000
Bank Balance with IDBI Bank	4,95,423	1,81,559
Contribution to capital of the Company	50,00,00,000	50,00,00,000
Transactions with IDBI Bank		
Expenditure Incurred:		
• Distributors Brokerage	2,05,02,184	1,48,83,439
• Office Rent	1,43,91,531	1,42,71,998
• Office Utilities - Electricity & Water	2,62,923	11,85,068
• House-keeping, Maintenance & Others etc	1,98,225	NIL
• Office Expenses	72,337	NIL
• Statutory Levies & Interest	2,560	1,91,788
• Finance Cost	5,61,800	NIL
• Salary of Staff on Deputation	99,76,057	3,447,471
• Staff Meals & Canteen Expenses	1,29,464	NIL
Interest Received by the Company	3,78,953	6,58,697

	Amount in Rupees	
<b>IDBI Capital Market Services Limited :</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
Contribution to capital of the Company	40,00,00,000	25,00,00,000
Transactions with IDBI Capital Market Services Ltd		
Expenditure Incurred:		
• Distributors Brokerage	4,22,244	NIL

	Amount in Rupees	
<b>IDBI Intech Limited:</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
Transactions with IDBI Intech		
Expenditure Incurred		
• Out Bound Sales Expenses	88,79,720	83,52,205
• Call center Charges	9,00,000	7,50,000
• IT& Communication services	73,30,000	62,09,500

	Amount in Rupees	
<b>IDBI Trustee Company Limited (Including the transaction with IDBI Mutual Fund)</b>	<b>31<sup>st</sup> March 2013</b>	<b>31<sup>st</sup> March 2012</b>
Transactions with IDBI Trustee Company Limited		
• Service Rendered	13,72,10,316	8,94,15,684
• Secretarial and Account Service Fees	15,19,004	NIL

Amount in Rupees

IDBI Federal Life Insurance Company Ltd:	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Transactions with IDBI Federal Life Insurance Company Limited		
• Group Insurance	4,12,639	NIL

(C) Balances with related parties:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
1. IDBI Bank Limited (Holding Company)		
• Creditors for Assets	22,54,542	35,04,542
• Creditors for Expenses	44,88,282	98,27,553
• Bank Balance	4,95,423	1,81,559
• Fixed Deposit	NIL	10,00,00,000
• Provision for Expenses	80,97,944	3,82,519
2. IDBI Capital Market Services Limited		
• Creditors for Assets	1,26,405	56,97,100
• Provision for expenses	1,93,194	NIL
3. IDBI In-tech Limited		
• Advance paid for Software purchase	13,89,780	13,89,780
• Creditors for Expenses	11,80,278	22,37,086
4. IDBI Trustee Company Limited		
• Other Receivable	84,69,888	1,02,61,289
5. IDBI Federal Life Insurance Company Limited		
• Other Receivable	26,512	NIL

(D) Summary of transactions with related parties:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Fixed Deposits Placed	NIL	10,00,00,000
Contribution to capital of the Company	15,00,00,000	25,00,00,000
Fixed Assets purchased	NIL	56,97,100
Creditors for Expenses	56,68,560	98,27,553
Provision for expenses	60,31,137	22,60,000
Out Bound Sales Expenses	88,79,720	83,52,205
Call center Charges	9,00,000	7,50,000
IT& Communication services	73,30,000	62,09,500
Advance paid for Software purchase	13,89,780	13,89,780
Distributor Brokerage	2,09,24,428	40,66,463
Office Rent	1,43,91,531	15,101,878
Office Utilities & Water	2,62,923	NIL
House-keeping, Maintenance & Others etc	1,98,225	NIL

Office Expenses	72,337	NIL
Statutory Levies & Interest	2,560	NIL
Finance Cost	5,61,800	NIL
Salary of Staff on Deputation	99,76,057	3,447,471
Staff Meals & Canteen Expenses	1,29,464	NIL
Group Insurance	4,12,639	NIL
Secretarial and Account service Fees	15,19,004	NIL
Amount Receivable from Rendering of Service	36,50,019	80,77,077
Other Receivable	48,19,868	21,84,279

(E) Managerial Remuneration:

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Salary & Allowances paid to MD& CEO	42,75,800	27,36,998

**3.6 Earning per share:** In Accordance with Accounting Standard 20 on Earnings per share, the computation of earnings per share is set out below:

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Net (Loss)/ Profit after tax attributable to equity shareholders(A)	(20,90,35,260)	(17,63,78,852)
Calculation of weighted average number of equity shares(B) :		
- No. of shares at the beginning of the period	7,50,00,000	5,00,00,000
- No. of shares issued during the period	1,50,00,000	2,50,00,000
- Total No. of shares outstanding at the period	9,00,00,000	7,50,00,000
- Nominal Value of the equity share - per share	10/-	10/-
- Paid up value of the equity share - Per share	10/-	10/-
- Weighted average no. of shares at 10/- paid up per share equivalent	7,66,84,932	61,748,634
Basic (loss)/ earnings per share of the face value of 10/- for the period(A)/(B)-	(2.73)	(2.86)

**3.7 Cash & Cash Equivalents:** Cash & Cash Equivalents included in Cash Flow Statement comprise of the following balance sheet amounts.

Amount in Rupees

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
-------------	-----------------------------	-----------------------------

Cash on Hand	613	2,484
Cash at Bank	4,95,243	1,81,559
Fixed Deposits with IDBI Bank Ltd.	-	10,00,00,000
Current Investments	12,85,54,353	11,15,81,185
Total	12,90,50,209	21,17,65,228

### 3.8 Earnings in foreign exchange: NIL

### 3.9 Expenditure in foreign exchange: NIL

### 3.10 Dues to Micro, Small and Medium Enterprises:

Trade Payables do not include any amount payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises. Under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA), which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management, the following disclosures are made for the amounts due to the Micro, Small and Medium enterprises, which have registered with the competent authorities.

Particulars	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Principal amount remaining unpaid to any supplier as at the year end	Nil	Nil
Interest due thereon	Nil	Nil
Amount of interest paid by the company in terms of section 16 of the MSMEDA, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	Nil	Nil
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	Nil	Nil
Amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil

### 3.11 Quantitative details:

The activities of the Company are not capable of being expressed in any generic unit and hence it is not possible to give quantitative details required under paragraph 3, 4C and 4d of part II of Schedule VI of the Companies Act, 1956.

### 3.12 Deferred Taxes :

In accordance with Notified Accounting Standard 22 (AS-22), Accounting for taxes on Income, the major components of deferred tax as at 31<sup>st</sup> March 2013 are as follows:

Particulars	Amount in Rupees	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
<u>Deferred Tax Asset</u>		



Gratuity	8,62,375	2,86,069
Leave Encashment	17,49,558	9,67,491
Amortization of Preliminary expenses	8,82,848	-
Amortization of Marketing & Distribution expenses	-	8,61,871
Accumulated Losses	1,48,66,414	
<b>Deferred Tax Asset at the year end</b>	<b>1,83,61,195</b>	<b>21,15,431</b>
<u>Deferred Tax Liability</u>		
Depreciation	20,35,899	41,15,472
Amortization of Preliminary expenses	-	2,29,462
Amortization of Marketing & Distribution expenses	1,01,35,937	-
Deferred Tax Liability at the year end	1,21,71,836	43,44,934
<b>Deferred Tax Liability/ (Assets) Net</b>	<b>(61,89,359)</b>	<b>22,29,503</b>

### 3.13 Current Investments

The details of quoted investment in Mutual Funds and Market Value thereof:

Amount in Rupees

Particulars	31 March' 2013			31 March' 2012		
	Units	Cost	Market Value	Units	Cost	Market Value
IDBI Ultra Short Term Bond Fund	1,26,241	1,26,34,9190	1,26,38,4030	99,163	9,91,62,680	9,91,62,683
IDBI Short Term Bond Fund	-	-	-	12,41,630	1,24,18,505	1,25,02,963
IDBI Liquid Fund	2205	22,05,163	22,05,158	-	-	-
IDBI FMP - 380 Days Series - II	25,00,000	2,50,00,000	2,76,90,000	25,00,000	2,50,00,000	2,51,62,250
IDBI FMP - 367 Days Series - III	30,00,000	3,00,00,000	3,03,59,700	-	-	-

IDBI FMP - 385 Days Series - III	15,00,000	1,50,00,000	1,50,45,600	-	-	-
<b>Total</b>	<b>71,28,445</b>	<b>19,85,54,353</b>	<b>20,16,84,488</b>	<b>38,40,792</b>	<b>13,65,81,186</b>	<b>13,68,27,896</b>

### 3.14 Details of Payment to Auditors'

	31 March' 2012	31 March' 2011
(a) Audit	2,00,000	1,65,450
(b) For taxation matters	50,000	55,150
(c) For other services	15,000	27,575
<b>Total</b>	<b>2,65,000</b>	<b>2,48,175</b>

- 3.15 The company is in the business of providing Investment management service to the mutual fund, and the entire revenue from operations is from the above service rendered in India. Hence the company has no other reportable business or geographical segment
- 3.16 During the year, the company has undertaken a review of all fixed assets in line with the requirements of Accounting Standard-28 on "Impairment of Assets". Based on such review, no provision for impairment is required to be recognized for the year.
- 3.17 Balance of Sundry creditors, loans and advances and payables are subject to confirmation and reconciliation/consequential adjustments if any
- 3.18 Figures have been rounded off to the nearest rupee.
- 3.19 Previous period figures have been regrouped to conform to the current year classification.

**For L U Krishnan & Co.,**  
Chartered Accountants  
Firm Regn No 0015275

Sd/-

P.K. Manoj  
Partner  
M.No.207550

Place: Mumbai  
Date : 15/04/2013

**For IDBI Asset Management Ltd**

Sd/-

R M Malla  
Chairman

Sd/-  
Debashish Mallick  
Managing Director & CEO

Sd/-

CM Mahesh Kumar  
Company Secretary