



IDFC Asset Management Company Limited

BOARD OF DIRECTORS

- Dr. Rajiv B. Lall
Chairman
- Mr. Vikram Limaye
- Mr. Pradip Madhavji
- Mrs. Bakul Patel

AUDITORS

- M. P. Chitale & Co.
Chartered Accountants

PRINCIPAL BANKERS

- Standard Chartered Bank
- HDFC Bank Limited

REGISTERED OFFICE

One India Bulls Centre,
841, Jupiter Mills Compound,
Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013

TO THE MEMBERS,

We are pleased to present the Eleventh Annual Report to the Members, alongwith the audited Profit and Loss Account for the period ended March 31, 2011 and the Balance Sheet as at March 31, 2011.

FINANCIAL RESULTS

PARTICULARS	(₹)	
	YEAR ENDED MARCH 31, 2011	YEAR ENDED MARCH 31, 2010
Gross Income	949,796,120	1,069,714,808
Profit before Interest, Depreciation & Tax	492,326	60,238,452
Depreciation	33,057,494	27,826,751
Profit before Tax	(32,565,168)	32,411,700
Provision for Tax	5,200,000	9,000,000
Deferred Tax Liability/(Asset)	(9,651,000)	(4,519,346)
Profit after Tax	(28,114,168)	27,931,046
Balance brought forward from previous year	310,794,927	282,863,881
Amount available for Appropriation	282,680,759	310,794,927
APPROPRIATIONS		
Transfer to General Reserve	-	-
Transfer to Capital Redemption Reserve	197,925,000	-
Proposed Dividend on Preference Shares	-	-
Interim Dividend on Equity Shares	-	-
Distribution tax on Interim Dividend	-	-
Distribution tax on Proposed Dividend	-	-
Balance carried to Balance Sheet	84,755,759	310,794,927

OPERATIONS OF IDFC MUTUAL FUND

The Company is the Investment Manager of the schemes of IDFC Mutual Fund (IDFC MF). The Assets under Management of IDFC Mutual Fund were ₹ 20,481.10 Crore (including AUM of Fund of Funds Schemes) as on March 31, 2011:

New Schemes launch

➤ Open ended schemes launched during the period under review:
IDFC Nifty Fund, an open ended Index Linked Scheme was launched on April 12, 2010. The investment objective of the scheme is to replicate the S&P CNX Nifty Index by investing in securities of the S&P CNX Nifty Index in the same proportion/weightage. This scheme collected a total of ₹ 43,525,277.66 during the new fund offer.
IDFC Infrastructure Fund, an Open Ended Equity Fund was launched on February 14, 2011. The investment objective of the scheme is to seek to generate long-term capital growth through an active diversified portfolio of predominantly equity and equity related instruments of companies that are participating in and benefiting from growth in Indian infrastructure and infrastructural related activities. This scheme collected a total of ₹ 814,980,663.46 during the new fund offer.

➤ Close ended schemes launched during the period under review:

In addition to the above open ended schemes, Thirty Five Close-Ended income Schemes in the form of Fixed Maturity Plans (FMP's) were launched. These comprised of IDFC Fixed Maturity Plan Monthly Series - (25/27/28/29/30), IDFC-Fixed Maturity Plan - Bi-Monthly Series-1-2, IDFC Fixed Maturity Plan - Quarterly Series (58-62), IDFC Fixed Maturity Plan - Half Yearly Series -12/13, IDFC- Fixed Maturity Plan 100 Days Series-1-3, IDFC Fixed Maturity Plan-Yearly Series (32-42), IDFC- Fixed Maturity Plan - Sixteen Months Series-3, IDFC- Fixed Maturity Plan - Seventeen Months Series - 3, IDFC Fixed Maturity Plan - Eighteen Months Series-7, IDFC Fixed Maturity Plan -36 Months Series Series-2, IDFC Fixed Maturity Plan - 60 Months Series Series-2 and four close ended income schemes (other than FMPs) were launched which comprised of IDFC Saving Scheme Series -1-2 and IDFC Capital Protection Oriented Fund - Series II & III and IDFC Hybrid Portfolio Fund - HPF1.

These close-ended income schemes collected approximately ₹ 9,829.47 crore.

Awards & Recognition

- IDFC Premier Equity Fund was ranked as a Seven Star Fund by ICRA for its 3 year performance for the year ending December 31, 2010. The fund has received this award for the last 3 consecutive years.
- IDFC Imperial Equity Plan A won a Runner up position for Equity: Large-Cap category in the NDTV Profit Mutual Fund Awards 2010
- IDFC Super Saver Income Fund - Medium Term Plan A won a Runner up position for Debt: Income category in the NDTV Profit Mutual Fund Awards 2010.
- Mr. Kenneth Andrade was awarded as Best Equity Fund Manager - 2010 - Front Runner Fund Manager in Wealth Forum AMC Awards 2010.
- IDFC Premier Equity Fund was awarded as Best Equity Fund - 2010 - Front Runner Scheme in the Wealth Forum AMC Awards 2010.
- IDFC Super Saver Income Fund - Medium Term won CNBC-TV18-CRISIL Mutual Fund Awards Winners 2011 under the Income Funds - Short Term category.

New Businesses

➤ Portfolio Management Services:

IDFC Investment Advisors Limited (IDFC IA) is a 100% subsidiary of the Company and is a Portfolio Manager, registered with the Securities & Exchange Board of India (SEBI) to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 1993. During the year under review, the following Portfolios were launched:

1. IDFC Farm Opportunities Portfolio - The investment objective of the Portfolio is Capital appreciation over the medium term by investing in a diversified pool of listed equities. The portfolio shall endeavour to invest in companies that are expected to benefit from the growth in prices of food and food-related products in India over the next 5 to 6 years.
2. IDFC India Consumption Portfolio - The investment objective of the Portfolio is Capital appreciation over the medium term by investing in a diversified pool of listed equities. The portfolio shall endeavour to invest in companies that are expected to benefit from the growth in prices of food and food-related products in India over the next 5 to 6 years.

3. IDFC Aspire Portfolio – The investment objective of the Portfolio is Capital appreciation over the medium term by investing in a diversified pool of listed equities. The portfolio shall endeavour to invest in companies that are expected to benefit from the consumption boom that is expected to take place in India over the next few years.

➤ Pension Fund Management:

IDFC Pension Fund Management Company Limited (IDFC PFM) was incorporated on March 31, 2009 and the Pension Fund Regulatory & Development Authority issued the Certificate of Commencement of Business on May 01, 2009. Tier I, Tier II and NPS Lite schemes are managed by IDFC PFM. The AUM of Tier I and Tier II schemes as on March 31, 2011 was ₹ 2.7 crore.

DIVIDEND

Due to inadequacy of profits, the Board of Directors do not recommend the declaration of equity dividend.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mrs. Bakul Patel retires by rotation and is eligible for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Vikram Limaye was appointed as additional director of the Company by the Board of Directors during the year. He would hold office till the conclusion of the forthcoming Annual General Meeting. The members are requested to consider their appointment as directors of the Company.

AUDITORS

M/s. M. P. Chitale and Co., Chartered Accountants and Statutory Auditors of the Company would be retiring at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The auditors have confirmed their eligibility and willingness to accept the office if re-appointed. The Members are requested to consider their re-appointment, at a remuneration to be decided by the Board of Directors, for the financial year ending March 31, 2012 as set out in the Notice convening the Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee consists of three members, Mr. Pradip Madhavji, Chairman Dr. Rajiv B. Lall and Mrs. Bakul Patel. The Committee met four times during the year under review. The functions of the Committee include reviewing the financial statements, internal control systems and significant accounting policies of the Company and discussing the audit findings and recommendations of the internal and statutory auditors of the Company.

SHARE CAPITAL

Redemption of Preference Share Capital (on July 28, 2010)

In order to simplify the capital structure of the Company, 19,792,500 – 15% Non-Convertible, Non-participating, redeemable, non-cumulative preference shares due to mature on January 02, 2020 were redeemed prematurely, consent to redeem the aforesaid preference share capital was also given by Infrastructure Development Finance Company Limited (IDFC Ltd.) which held 100% of the preference share capital.

The preference shares were repaid out of the profits of the Company.

Preferential Allotment to IDFC (on November 01, 2010)

64,000 equity shares of ₹ 10/- each at a premium of ₹ 3,115/- per share amounting to ₹ 20 crore were offered and allotted to IDFC Ltd.

After the aforesaid allotment, the total Equity capital issued and paid up of the Company stands at 2,674,002 equity shares.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the public.

PARTICULARS OF EMPLOYEES

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees is annexed to this Report.

STATUTORY DISCLOSURE OF PARTICULARS

The requirements of disclosure, in terms of Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, pertaining to steps taken regarding conservation of energy & technology absorption, do not apply to the Company.

There were no foreign exchange earnings by the Company during the period under review. The details of expenditure in foreign currency are given in Note 8 of Schedule 16.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the representation made by the management, the directors, pursuant to the provisions of Section 217 (2AA) the Directors wish to state

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgements 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;
- that they have 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; and
- that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Board places on record its gratitude to the Government of India, Securities & Exchange Board of India, Reserve Bank of India, Association of Mutual Funds of India, other regulatory authorities and institutions, investors in the Mutual Fund schemes and to the Members for their continued guidance and support and expresses its sincere appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAJIV B. LALL
Chairman

Mumbai
April 27, 2011

To The Members of IDFC Asset Management Company Limited

We have audited the attached Balance Sheet of IDFC ASSET MANAGEMENT COMPANY LIMITED as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. Without qualifying our opinion, we draw attention to Note No. 2 of the Financial Statements regarding payment of Managerial Remuneration in excess of the limits specified by the relevant provisions of the Companies Act, 1956. The Company is in the process of making application to the appropriate authority for approval of such excess payment. Pending outcome of the Company's proposed application, no adjustment has been made to the accompanying financial statements in this regard.

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

3. Further to our comments in the Annexure referred to in paragraph (1) above, we state 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, Profit and Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable;
- (e) On the basis of written representation received by the Company from the directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2011,
 - (ii) in so far as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date, and
 - (iii) in so far as it relates to the Cash Flow Statement of the Company for the year ended on that date.

FOR M. P. CHITALE & CO.

Chartered Accountants
Firm Reg. No. 101851W

VIDYA V. BARJE

Partner
(Membership No. 104994)

Mumbai
April 27, 2011

Annexure referred to in paragraph 1 of the report of even date of the Auditors to the members of IDFC Asset Management Company Limited

- (i) (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for the physical verification of all the fixed assets at reasonable intervals and discrepancies observed during the verification have been properly dealt with in the books of account.
- (c) The Company has not disposed of substantial part of fixed assets during the year.
- (ii) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) The Company has not taken any loans from companies, firms or other parties covered 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 for purchase of fixed assets and for the services rendered.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a Register in pursuance of Section 301 of the Companies Act, 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) Company has an internal audit system commensurate with its size and nature of business.
- (viii) Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (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 undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) There are no dues of Income-tax, Sales-tax, Wealth Tax, Service Tax or Cess which have not been deposited on account of any dispute except as disclosed below.

Details of Income-tax which were not deposited as on March 31, 2011 on account of dispute are:

AMOUNT IN ₹	PERIOD TO WHICH IT RELATES	FORUM WHERE THE DISPUTE IS PENDING
2,396,215/-	A.Y. 2007-08	CIT (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, during the year, the Company has not taken any loan and no amounts were due towards principal or interest to financial institution, bank or debenture holders during the year.
- (xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xv) According to the information and explanations given to us, the Company has not taken any term loan.
- (xvi) According to the information and explanations given to us, during the year, the Company has not raised any funds.
- (xvii) 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.
- (xviii) According to the information and explanations given to us, the Company has not issued any debentures up to March 31, 2011.
- (xix) The Company has not raised money from public issue.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- (xxi) Considering the nature of the business and the services rendered by the Company, clauses (ii) and (xiii) under Clause 4 of the CARO are not applicable.

FOR M. P. CHITALE & CO.

Chartered Accountants
Firm Reg. No. 101851W

VIDYA V. BARJE

Partner
(Membership No. 104994)

Mumbai
April 27, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

		₹	₹	₹
	SCHEDULE		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	26,740,020		224,025,020
Reserves and Surplus	2	510,390,759		339,144,927
			537,130,779	563,169,947
Total			537,130,779	563,169,947
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	194,032,403		143,886,697
Less: Depreciation & Amortisation		89,036,671		56,248,738
			104,995,732	87,637,959
Add: Capital Work-in-Progress			-	3,511,753
			104,995,732	91,149,712
Investments	4		338,271,324	659,483,882
Deferred Tax Asset			16,628,000	6,977,000
Current Assets, Loans and Advances				
Interest accrued on Fixed Deposit		163,435		77,376
Sundry Debtors	5	26,811,131		17,599,296
Cash and Bank Balances	6	9,335,139		26,536,713
Loans and Advances	7	352,468,009		253,112,279
		388,777,714		297,325,664
Less: Current Liabilities and Provisions				
Current Liabilities	8	303,518,580		488,047,611
Provisions	9	8,023,411		3,718,700
		311,541,991		491,766,311
Net Current Assets			77,235,723	(194,440,647)
Total			537,130,779	563,169,947
Notes to the Accounts	15			

Schedules 1 to 15 form an integral part of the Accounts

IN TERMS OF OUR REPORT OF EVEN DATE

FOR M. P. CHITALE & CO.

Chartered Accountants

Firm Reg. No. 101851W

VIDYA V. BARJEPartner
(Membership No. 104994)

Mumbai | April 27, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

PRADIP MADHAVJI

Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

		₹	₹
	SCHEDULE ↘	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
INCOME			
Operating and Other Income	10	949,796,120	1,058,850,803
EXPENDITURE			
Interest & Other Charges	11	705,548	1,174,816
Staff Expenses	12	374,876,015	427,457,377
Establishment Expenses	13	150,316,045	123,942,231
Other Expenses	14	423,406,186	456,901,933
Depreciation & Amortisation	3	33,057,494	27,826,751
		982,361,288	1,037,303,108
PROFIT BEFORE TAXATION			
		(32,565,168)	21,547,695
Less: Provision for Taxation			
Current Tax		3,200,000	9,000,000
Previous Year Tax		2,000,000	-
Less: Deferred Tax		9,651,000	4,519,346
		(4,451,000)	4,480,654
PROFIT AFTER TAXATION			
		(28,114,168)	17,067,041
Add: Prior Period Income		-	10,864,005
Add: Balance as per last Balance Sheet		310,794,927	282,863,881
AVAILABLE FOR APPROPRIATION			
		282,680,759	310,794,927
Appropriations:			
Capital Redemption Reserve		197,925,000	-
BALANCE CARRIED FORWARD			
		84,755,759	310,794,927
		282,680,759	310,794,927
Earnings per share (Face Value ₹ 10) (Basic)		(10.67)	10.70
Notes to the Accounts	15		
Schedules 1 to 15 form an integral part of the Accounts			

IN TERMS OF OUR REPORT OF EVEN DATE

FOR M. P. CHITALE & CO.

Chartered Accountants

Firm Reg. No. 101851W

VIDYA V. BARJE

Partner
(Membership No. 104994)

Mumbai | April 27, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

PRADIP MADHAVJI

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

	₹	₹	₹
		APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) Before Taxation		(32,565,168)	21,547,695
Adjustment for:			
Add: Depreciation & Amortisation		33,057,494	27,826,751
Add: Provision for Retirement Benefits		4,304,711	236,656
Add: Excess Provision Written back		(30,050,996)	-
Add: Provision for diminution in value of Investments		-	(7,891,698)
Add: Lease Escalation Charge		8,108,694	9,033,517
Add: Fixed Assets Written off		400,507	5,583,593
Less: Profit on Sale of Fixed Assets		(6,878)	-
Add: Prior Period Income		-	10,864,005
Operating Profit before Working Capital Changes		(16,751,636)	67,200,519
(Increase)/Decrease			
- Current Assets, Loan & Advances	(7,527,841)		69,112,739
- Debtors	(9,211,835)		(6,103,646)
	(16,739,676)		63,009,093
Increase/(Decrease) in Current Liabilities			
- Expenses/Tax Payable	(162,586,729)		369,864,030
		(179,326,405)	432,873,123
Direct taxes Paid		(97,113,948)	(86,216,424)
NET CASH FROM OPERATING ACTIVITIES (A)		(293,191,989)	413,857,218
B. CASH FLOW FROM INVESTING ACTIVITIES			
Investment in Subsidiaries		(2,569,224)	(160,000,010)
Purchase of Fixed Asset including Capital Work-in-Progress (Net of deletions)		(47,297,143)	(76,058,393)
NET CASH USED IN INVESTING ACTIVITIES (B)		(49,866,367)	(236,058,403)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue of Equity Shares		200,000,000	-
Redemption of Preference Shares Capital		(197,925,000)	-
NET CASH FROM FINANCING ACTIVITIES (C)		2,075,000	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A + B + C)		(340,983,356)	177,798,815
Cash and cash equivalents as at beginning of the year		524,970,585	347,171,770
Cash and cash equivalents as at end of the year (Refer Note below)		183,987,229	524,970,585
		340,983,356	(177,798,815)
Note to Cash Flow Statement:			
CASH & CASH EQUIVALENTS		END OF THE PERIOD	BEGINNING OF THE PERIOD
Cash and Bank Balance as per Schedule 6		9,335,139	26,536,713
Less: Fixed Deposit under Lien		1,050,000	1,050,000
Add: Investment at cost as per Schedule 4		175,702,090	499,483,872
		183,987,229	524,970,585

IN TERMS OF OUR REPORT OF EVEN DATE

FOR M. P. CHITALE & CO.

Chartered Accountants

Firm Reg. No. 101851W

VIDYA V. BARJE

Partner

(Membership No. 104994)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BAKUL PATEL

Director

PRADIP MADHAVJI

Director

UTTARA DEKA

Company Secretary

Mumbai | April 27, 2011

SCHEDULE 1 Share Capital	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
AUTHORISED:		
4,000,000 Equity shares of ₹ 10/- each	40,000,000	40,000,000
21,000,000 15% Non participating, non convertible, cumulative redeemable Preference shares of ₹ 10/- each	210,000,000	210,000,000
ISSUED, SUBSCRIBED AND PAID-UP:		
2,674,002 (Previous Year 2,610,002) Equity shares of ₹ 10/- each, fully paid-up (Note: All the above equity shares are fully paid shares and are held by Infrastructure Development Finance Company Ltd., the holding company)	26,740,020	26,100,020
19,792,500 15% Non participating, non convertible, cumulative redeemable Preference shares of ₹ 10/- each Redeemed on September 22, 2010. (Note: All the above Preference shares were fully paid shares and held by Infrastructure Development Finance Company Ltd., the holding company)	-	197,925,000
	26,740,020	224,025,020

SCHEDULE 2 Reserves and Surplus	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
General Reserve		
Opening Balance	28,350,000	28,350,000
Add: Transfer from Profit and Loss Account	-	-
	28,350,000	28,350,000
Securities Premium Account		
Opening Balance	-	-
Add: Received during the year	199,360,000	-
	199,360,000	-
Capital Redemption Reserve		
Opening Balance	-	-
Add: Transfer from Profit and Loss Account	197,925,000	-
	197,925,000	-
Profit and Loss Account	84,755,759	310,794,927
	510,390,759	339,144,927

SCHEDULE 3 Fixed Assets	₹										
	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK			
DESCRIPTION	As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
TANGIBLE											
Computer Hardware	35,388,722	7,986,387	-	43,375,109	24,382,352	6,519,474	-	30,901,826	12,473,283	11,006,370	
Furnitures and Fixtures	13,374,321	5,052,927	-	18,427,248	3,261,769	2,939,671	-	6,201,440	12,225,808	10,112,552	
Office Equipments	21,272,970	5,598,419	44,490	26,826,899	5,344,971	3,352,247	(20,655)	8,717,873	18,109,026	18,481,047	
Air Conditioners	3,307,383	1,877,867	149,626	5,035,624	754,335	508,269	38,784	1,223,820	3,811,804	-	
INTANGIBLE											
Computer Software	22,862,874	3,394,600	-	26,257,474	11,925,549	6,654,594	-	18,580,143	7,677,331	10,937,325	
LEASEHOLD IMPROVEMENT	47,680,427	27,046,132	616,510	74,110,049	10,579,762	13,083,239	251,432	23,411,569	50,698,480	37,100,665	
Total	143,886,697	50,956,332	810,626	194,032,403	56,248,738	33,057,494	269,561	89,036,671	104,995,732	87,637,959	
Previous Period	85,746,190	75,835,324	17,694,817	143,886,697	40,533,211	27,826,752	12,111,225	56,248,738	87,637,959		

SCHEDULE 4 Investments		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
I. LONG-TERM					
A. Equity Shares (Fully paid, Unquoted)					
	NUMBER OF SHARES	FACE VALUE			
		₹			
Subsidiaries					
IDFC Investment Advisors Limited	10,000,000	10	100,000,000	100,000,000	
IDFC Pension Fund Management Company Limited	6,000,001	10	60,000,010	60,000,010	
IDFC Investment Managers (Mauritius) Limited	57,290	44.85	2,569,224	-	
TOTAL LONG-TERM INVESTMENTS (A)			162,569,234	160,000,010	
II. CURRENT					
A. Mutual Funds (Unquoted)					
	NUMBER OF UNITS	FACE VALUE			
		₹			
IDFC Money Manager Fund- Treasury Plan-Super Inst Plan C-Growth	15,090,274	11.6434	175,702,090	-	
IDFC Money Manager Fund- Treasury Plan B-Daily Dividend	-	-	-	499,483,872	
TOTAL CURRENT INVESTMENTS (A)			175,702,090	499,483,872	
GRAND TOTAL (I + II)			338,271,324	659,483,882	
(1) Aggregate amount of Investments in Unquoted Mutual Funds					
Cost			175,702,090	499,483,872	
Market Value			175,806,213	499,483,872	
(2) Aggregate amount of Unquoted Investments - Cost			162,569,234	160,000,010	
SCHEDULE 5 Sundry Debtors (Unsecured, Considered Good)		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
Debtors (less than six months)		26,811,131		17,599,296	
		26,811,131		17,599,296	
SCHEDULE 6 Cash and Bank Balances		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
Cash (including Cheques on hand)		10,000		894,805	
Balances with Scheduled Banks					
- in Current Accounts		8,275,139		24,591,908	
- in Deposit Accounts		1,050,000		1,050,000	
		9,325,139		25,641,908	
		9,335,139		26,536,713	
SCHEDULE 7 Loans and Advances (Unsecured, Considered Good)		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
Advances recoverable in cash or in kind or for value to be received		17,608,626		15,419,835	
Advances to IDFC Group Companies (Refer Note 16)					
- Advances to Subsidiaries		-		974,799	
Other Deposits		93,565,525		87,337,735	
Advance payment of Income Tax (Net of provision)		241,293,858		149,379,910	
		352,468,009		253,112,279	
SCHEDULE 8 Current Liabilities		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
Sundry Creditors - Other than Micro, Small and Medium Enterprises		290,977,266		481,086,884	
Other Liabilities		9,488,547		6,960,727	
Intercompany Payable (Refer Note 16)		3,052,767		-	
		303,518,580		488,047,611	
SCHEDULE 9 Provisions		₹		₹	
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010	
Provision for Retirement Benefits		8,023,411		3,718,700	
		8,023,411		3,718,700	

SCHEDULE 10 Operating and Other Income	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
OPERATING INCOME		
Management Fees	930,897,151	1,042,167,512
	930,897,151	1,042,167,512
OTHER INCOME		
Dividend on Investments	5,339,189	11,772,561
Profit/(Loss) on sale of Investments	4,538,662	(5,524,366)
Provision for Diminution in Value of Investment written back	-	7,891,698
Interest on Income Tax Refund	2,249,335	2,265,473
Miscellaneous Income	6,771,783	277,925
	18,898,969	16,683,291
	949,796,120	1,058,850,803
SCHEDULE 11 Interest & Other Charges	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Other Charges	705,548	1,174,816
	705,548	1,174,816
SCHEDULE 12 Staff Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Salaries	348,602,173	409,144,508
Contribution to Provident and Other Funds	10,088,020	7,453,856
Staff Welfare Expenses	16,185,822	10,859,013
	374,876,015	427,457,377
SCHEDULE 13 Establishment Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Rent	115,143,338	89,922,321
Rates & Taxes	6,247,522	4,672,010
Electricity	8,355,993	10,159,701
Repairs and Maintenance		
Buildings	357,881	795,555
Equipments	1,301,228	730,576
Others	16,991,200	15,792,807
	18,650,309	17,318,938
Insurance Charges	1,918,883	1,869,261
	150,316,045	123,942,231
SCHEDULE 14 Other Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling and Conveyance	23,136,853	22,982,042
Printing and Stationery	12,504,554	12,523,043
Postage, Telephone and Fax	25,324,770	16,169,485
Advertising and Publicity (Refer Note 6)	15,050,972	61,024,742
Brokerage Expenses (Refer Note 6)	117,011,864	106,591,967
Scheme Issue Expenses (Refer Note 5)	57,430,710	125,566,732
Operational Costs (Refer Note 7)	61,102,588	22,940,387
Professional Fees	77,870,250	62,438,737
Directors' Fees	240,000	210,000
Internet Expenses	13,437,094	11,096,058
Filing Fees	2,966,969	3,111,328
Loss on Sale/Write off of Fixed Assets	400,507	5,575,293
Miscellaneous Expenses (Refer Note 8)	16,020,965	5,742,299
Auditors' Remuneration (Refer Note 3)	908,090	929,820
	423,406,186	456,901,933

I Significant Accounting Policies:**A. System of Accounting**

The Company adopts the accrual concept in the preparation of the accounts.

The preparation of financial statements as per this policy requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

B. Inflation

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

C. Investments

Long-term Investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis.

Current Investments are carried at the lower of cost or fair value on an individual basis.

D. Fixed Assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Leasehold Improvements are shown at historical cost less accumulated amortisation.

E. Intangible Assets

Intangible Assets comprising of system software and licenses purchased, are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Any expenses on such software for support and maintenance payable annually are charged to revenue account.

F. Depreciation and Amortisation**DEPRECIATION ON FIXED ASSETS**

- Depreciation is charged at the rates prescribed in Schedule XIV of the Companies Act, 1956 as per written down value method.
- Any asset costing ₹ 5,000/- or less is written off in the year of its purchase.
- Mobile handsets and Blackberry sets are depreciated at 50% p.a. using straight line method.
- Depreciation on additions during the year is provided on a pro-rata basis.

DEPRECIATION ON INTANGIBLE ASSETS

Intangible assets consisting of computer software are depreciated at 33.33% per annum using straight line method.

AMORTISATION OF LEASEHOLD IMPROVEMENTS

Leasehold Improvements are amortised over the balance period of extended lease term or five years whichever is earlier.

G. Revenue Recognition

Revenue is recognised when no significant uncertainty as regards to its measurement and collection exists.

Asset management fees are recognised net of service tax on an accrual basis in terms of Investment Management Agreement entered into by the Company with IDFC AMC Trustee Company Ltd.

H. Foreign Currency Transactions

The transactions in Foreign exchange are accounted at exchange rate prevailing on the date of transactions. Any exchange gains or losses arising from the settlement of such transactions are recognised in the Profit and Loss Account. Receivables/Payables in foreign currency at the year-end are translated at the year-end exchange rate.

I. Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rental charges over the term of such leases, after taking into account the escalation clause, are charged to the Profit and Loss Account on a straight line basis over the extended lease term.

J. Retirement Benefits

- The net present value of the Company's obligation towards Gratuity to employees is actuarially determined as at the Balance Sheet date and actuarial gains & losses are recognised in the Profit and Loss Account.
- The Company has taken a superannuation policy, for future payment of superannuation and the Company's contribution paid/payable during the year is charged to Profit and Loss Account.
- The Company's contribution to Provident Fund is deposited with Regional Provident Fund Commissioner and is charged to Profit and Loss Account every year.

K. Income Tax

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. The provision made for income-tax in the accounts comprises both, the current tax and deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

L. Provisions

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

2 Managerial Remuneration:

PARTICULARS	APRIL 1, 2010 TO	APRIL 1, 2009 TO
	MARCH 31, 2011	MARCH 31, 2010
	(₹)	(₹)
(i) Salary	3,619,754	1,633,600
(ii) Contribution to Provident and Other Funds	97,944	81,600
(iii) Perquisites	-	56,568
	3,717,698	1,771,768

In view of the inadequacy of profits, maximum remuneration permissible under the Act for the year is ₹ 1,500,000/-. Managerial Remuneration paid by the Company during the year, exceeds the remuneration payable in accordance with the provisions of Section 198 of the Companies Act, 1956 read with Schedule XIII of the said Act by ₹ 2,217,698/-.

The Company is in process of obtaining approval of the Central Government under Section 198/309 of the Companies Act, 1956 in respect of payment of remuneration to the Manager in excess of the amounts permissible under the Companies Act. In case the Central Government does not give approval for the managerial remuneration paid, the remuneration paid in excess of the remuneration permissible under the Companies Act would be recovered by the Company from the employee.

3 Auditors' Remuneration:

PARTICULARS	APRIL 1, 2010 TO	APRIL 1, 2009 TO
	MARCH 31, 2011	MARCH 31, 2010
	(₹)	(₹)
Audit Fees	550,000	450,000
Tax Audit Fees	200,000	200,000
Other Services	140,000	265,000
Out of Pocket Expenses	18,090	14,820
Total	908,090	929,820

4 Pursuant to change in the valuation norms as prescribed by The Securities & Exchange Board of India (SEBI) in the Mutual Fund Regulations with respect to Debt Securities, schemes of IDFC Mutual Fund incurred a mark-to-market loss on July 19, 2010. The Company reimbursed ₹ 12.55 crore out of the same to the schemes of IDFC Mutual Fund as follows:

- The management fees of ₹ 10.15 crore, earned by the Company from the respective schemes were paid back to the schemes. This resulted in reduction of income of the Company to that extent.
- Further reimbursement of ₹ 2.40 crore, to the respective schemes are accounted under operational costs by the Company.

5 Scheme Issue Expenses are the expenses incurred by the Company towards launching schemes & plans of the Mutual Fund during the year.

6 Expenses incurred on behalf of schemes of IDFC Mutual Fund are charged to the Profit and Loss Account unless considered recoverable from schemes of the fund.

7 Operational Costs includes loss incurred by debt schemes due to change in valuation policy pursuant to change in SEBI Regulations, interest charged by bank to the Mutual Fund on account of temporary borrowings or overdrafts, payments made to investors of Mutual Fund on account of delay in payment of redemption proceeds which are borne by the Company as well as the expenses which are incurred by Mutual Fund schemes over and above the expense limit prescribed by SEBI.

8 Miscellaneous Expenses include business centre expenses of ₹ 8,124,000/- paid to Infrastructure Development Finance Company Limited towards share of premises and maintenance costs as per the service level agreement entered between these companies.

9 Staff Expenses include ESOP compensation cost of ₹ 11,527,787/- paid to Infrastructure Development Finance Company Limited (IDFC) towards ESOP grants given to the employees of the Company by the parent company under the IDFC ESOP scheme.

The parent company follows the intrinsic method for computing the compensation cost, for options granted under the scheme. The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortised over the vesting period of the options.

10 Staff Expenses is net of write back of excess bonus provision of ₹ 18,523,209/-. This reversal is on account of change in estimate in provision of bonus in previous year ended March 31, 2010.

11 Service Tax Credit of ₹ 3,488,179/- (Previous year – ₹ 2,219,857/-), would be claimed against future Service Tax Liability.

12 Expenditure in foreign currencies:

PARTICULARS	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
	(₹)	(₹)
Advertising Media	-	51,694
Books and Periodicals	3,233	-
Computer Software and Subscription Expenses	445,572	-
Filing Fees	16,155	678,984
Foreign Travel	516,466	170,260
Hotel Accommodation	-	20,418
Staff Training Expenses	-	145,286
Gifts and Presentation Articles	1,235	-
Operational Costs	8,674	-
Other Professional Fees	179,160	-

13 Earnings in foreign currencies: NIL (Previous year Nil)

14 As per Accounting Standard 15 on 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures are made as required:

i. The Company has recognised the following amounts in the Profit and Loss Account towards defined contribution plans which are included in Personnel Costs for the year April 31, 2010 to March 31, 2011:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(₹)	(₹)
Provident Fund	10,015,048	7,453,856
Superannuation	751,388	519,131

ii. The details of the Company's post-retirement benefit plans for gratuity for its employees are given below which is certified by the actuary and relied upon by the auditors:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	
	(₹)	(₹)	
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:			
Liability at the beginning of the year	3,718,700	2,000,718	
Current Service Cost	1,799,515	2,143,480	
Interest Cost	438,100	275,309	
Benefits Paid	-	-	
Actuarial Loss	2,166,776	(700,807)	
Past Service Cost	3,541,862	-	
Liabilities Assumed on Acquisition/(Settled on Divestiture)	(254,224)	-	
Benefit Paid	(435,766)	-	
Closing Defined Benefit Obligation	10,974,963	3,718,700	
Unrecognised Past Service Cost	2,951,552	-	
Liability as at the end of the year	8,023,411	-	
FAIR VALUE OF PLAN ASSETS:			
Fair Value of Plan Assets at the beginning of the year	-	-	
Expected Return on Plan Assets	-	-	
Contributions	435,766	-	
Benefits Paid	(435,766)	-	
Actuarial Loss on Plan Assets	-	-	
Fair Value of Plan Assets at the end of the year	-	-	
Total Actuarial Loss to be recognised	-	-	
ACTUAL RETURN ON PLAN ASSETS:			
Expected Return on Plan Assets	-	-	
Actuarial Loss on Plan Assets	-	-	
Actuarial Return on Plan Assets	-	-	
AMOUNT RECOGNISED IN THE BALANCE SHEET:			
Liability at the end of the year	8,023,411	3,718,700	
Fair Value of Plan Assets at the end of the year	-	-	
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	8,023,411	3,718,700	
EXPENSE RECOGNISED IN THE PROFIT AND LOSS ACCOUNT:			
Current Service Cost	1,799,515	2,143,480	
Interest Cost	438,100	275,309	
Expected Return on Plan Assets	-	-	
Net Actuarial Loss to be recognised	2,166,776	(700,807)	
Past Service Cost	590,310	-	
Loss/(Gains) on Acquisition/Divestiture	(254,224)	-	
Expense recognised in the Profit and Loss Account under Personnel Costs	4,740,477	1,717,982	
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:			
Opening Net Liability	3,718,700	2,000,718	
Expense recognised	4,740,477	1,717,982	
Contribution by the Company	435,766	-	
Amount recognised in the Balance Sheet under "Provision for Retirement Benefit"	8,023,411	3,718,700	
EXPERIENCE ADJUSTMENTS:			
	CURRENT YEAR	PREVIOUS YEAR	MARCH 31, 2009
	(₹)	(₹)	(₹)
Defined Benefit Obligation	10,974,963	3,718,700	2,000,718
Plan Assets	-	-	-
Surplus/(Deficit)	(10,974,963)	(3,718,700)	(2,000,718)
Exp. Adj. on Plan Liabilities	2,504,509	(326,961)	-
Exp. Adj. on Plan Assets	-	-	-
PRINCIPAL ASSUMPTIONS:			
	CURRENT YEAR %	PREVIOUS YEAR %	
Discount Rate	8.30%	8.10%	
Expected Rate of Return on Assets	-	-	
Salary Escalation Rate	8.00%	8.00%	

15 The Company is an Asset Management Company to IDFC Mutual Fund business. During the year ended March 31, 2011, the Company was engaged in only one business segment and as such there are no separate reportable segments, as required by Accounting Standard 17 on 'Segment Reporting' issued by the Institute of Chartered Accountants of India.

16 As per the Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

I. HOLDING COMPANY:

Infrastructure Development Finance Company Limited

II. SUBSIDIARIES:

IDFC Investment Advisors Limited

IDFC Pension Fund Management Company Limited

IDFC Investment Managers (Mauritius) Limited

III. FELLOW SUBSIDIARIES:

IDFC AMC Trustee Company Limited

IDFC Capital Limited

IV. KEY MANAGEMENT PERSONNEL:

Mrs. Jyothi Krishnan – Compliance Officer & Manager

Mr. Naval Bir Kumar – President & CEO

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
		(₹)	(₹)
I. HOLDING COMPANY			
Infrastructure Development Finance Company Limited	Advances taken and repaid (Net of advances given)	15,669,298	921,424
	Acquisition of Shares of IDFC Investment Advisors Limited	-	80,000,000
	Business Centre Fees Paid	8,960,772	-
	Redemption of Preference Shares	197,925,000	-
	Intercorporate Deposit taken and repaid	150,000,000	-
	Issue of Equity Shares to IDFC Ltd.	200,000,000	-
II. SUBSIDIARIES			
IDFC Investment Advisors Limited	Advances given and recovered (Net of Advances taken and paid)	9,578,972	4,222,728
	Business Centre Fees recovered	2,951,628	-
	Acquisition of Shares	-	20,000,000
IDFC Pension Fund Management Company Limited	Advances given and recovered	2,294,644	2,469,162
	Business Centre Fees recovered	397,476	-
	Acquisition of Shares	-	60,000,010
	Advances Recoverable/(Payable) – Balance outstanding	(3,052,767)	974,799
IDFC Investment Managers (Mauritius) Limited	Acquisition of Shares	2,569,224	-
III. FELLOW SUBSIDIARIES			
IDFC AMC Trustee Company Limited	Advances given & recovered	167,264	152,032
IDFC Capital Limited	Business Centre Fees recovered	2,514,840	-
IV. KEY MANAGEMENT PERSONNEL			
Mr. Naval Bir Kumar	Remuneration paid	27,960,190	11,354,555
	Reimbursement of Business Expenses	245,751	761,843
	Rent paid	-	250,000
	Payment to relatives	-	720,444
Mrs. Jyothi Krishnan	Remuneration paid	3,717,698	1,771,768

17 In accordance with the Accounting Standard 19 on 'Leases' issued by the Institute of Chartered Accountants of India, the following disclosure in respect of Operating Leases is made:

■ The Company has taken a copier machine under irrevocable rental agreement (expiring on May 31, 2011 and April 4, 2013) from En Em Business Solutions. The committed rentals in the future are:

PARTICULARS	AMOUNT (₹)
Not later than one year	97,000
Later than one year and not later than five years	90,000

■ The Company has taken vehicles for five employees under Cancellable Operating Leases which is included under Staff Expenses as follows:

NAME OF THE LESSOR	TERM	CURRENT YEAR	PREVIOUS YEAR
		(₹)	(₹)
LeasePlan India Limited	October 2008 to October 2012	988,107	1,368,949
ALD Automative Private Limited	August 2010 to January 2015	140,588*	-

*Net of ₹ 122,038/- recovered from IDFC Investment Advisors Limited.

■ The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. As per the term of the lease all maintenance charges and municipal levies are borne by the lessee.

The total future minimum lease payments under non-cancellable operating lease for each of the periods is given below:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(₹)	(₹)
Not later than one year	97,993,711	67,370,028
Later than one year and not later than five years	48,515,082	56,948,030

The terms of renewal and escalation clauses are those normally prevalent in similar agreements.

18 In compliance with the Accounting Standard 22 relating to 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India, the Company has taken credit in the Profit and Loss Account towards deferred tax asset (net) on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

PARTICULARS	APRIL 1, 2010 TO	APRIL 1, 2009 TO	APRIL 1, 2010 TO	APRIL 1, 2009 TO
	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2011	MARCH 31, 2010
	(₹)	(₹)	(₹)	(₹)
	Assets		Liabilities	
(a) Depreciation	5,597,000	1,573,000	-	-
(b) Provisions	2,604,000	1,264,000	-	-
(c) Others	8,427,000	4,140,000	-	-
Total	16,628,000	6,977,000	-	-
Net Deferred Tax Asset/(Liability)	16,628,000	6,977,000		

19 The earning per share in accordance with the Accounting Standard 20 on 'Earning Per Share' issued by the Institute of Chartered Accountants of India is as under:

PARTICULARS	APRIL 1, 2010 TO	APRIL 1, 2009 TO
	MARCH 31, 2011	MARCH 31, 2010
Profit/(Loss) after Tax and prior period items (₹)	(28,114,168)	27,931,045
Profit attributable to Equity shareholders (₹)	(28,114,168)	27,931,045
No. of Shares (Weighted Average)	2,634,550	2,610,002
Earnings per share (₹)	(10.67)	10.70

20 Details of Movement in Provisions, in terms of Accounting Standard 29 issued by the Institute of Chartered Accountants of India, is as under:

NATURE OF PROVISION	OPENING BALANCE	ADDITIONS DURING	REVERSAL/	CLOSING BALANCE
	AS ON 01/04/2010	THE YEAR	ADJUSTMENTS	AS ON 31/03/2011
Provision for Income Tax	285,925,601	5,200,000	-	291,125,601
Provision for Deferred Tax (Asset)/Liability	(6,977,000)	(9,651,000)	-	(16,628,000)
Contingent Liabilities	4,037,298	2,396,215	-	6,433,513

21 Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 3,676,884/- (Previous Year ₹ 2,763,000/-).

22 Contingent liabilities not provided for in respect of:

(₹)

PARTICULARS	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
(a) Claims not acknowledged as debts in respect of		
i. Income-tax demand, disputed by the Company in respect of A.Y. 2005-06. The matters in dispute are under appeal.	3,037,298	3,037,298
ii. Income-tax demand, disputed by the Company in respect of A.Y. 2007-08. The matters in dispute are under appeal.	2,396,215	-
(b) Bank guarantees issued on behalf of the Company	1,000,000	1,000,000

23 The Company has issued 64,000 Equity Shares to Infrastructure Development Finance Company Limited, the parent company, during the year of Face Value ₹ 10/- at a price of ₹ 3,125/- per share. Accordingly ₹ 199,360,000/- has been recognised as Share Premium.

24 No interest has been paid/payable by the Company during the year to the “suppliers” covered under the Micro Small and Medium Enterprises Development Act, 2006. The above information is based on the records available with the Company.

25 Infrastructure Development Finance Company Limited, the parent company, has signed an agreement for a strategic partnership with Natixis Global Asset Management (NGAM) under which NGAM will acquire a minority stake of 25% in IDFC Asset Management Company Limited subject to necessary statutory clearance.

26 Previous year's figures have been regrouped wherever necessary.

IN TERMS OF OUR REPORT OF EVEN DATE

FOR M. P. CHITALE & CO.

Chartered Accountants

Firm Reg. No. 101851W

VIDYA V. BARJE

Partner

(Membership No. 104994)

Mumbai | April 27, 2011

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

PRADIP MADHAVJI

Director

I. REGISTRATION DETAILS

Registration No. U 6 5 9 9 3 M H 1 9 9 9 P L C 1 2 3 1 9 1
 State Code 1 1
 Balance Sheet Date 3 1 0 3 2 0 1 1

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ '000)

Public Issue
 N I L

Right Issue
 N I L

Bonus Issue
 N I L

Private Placement
 6 4 0

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ '000)

SOURCES OF FUNDS

Total Liabilities

5 3 7 1 3 1

Total Assets

5 3 7 1 3 1

Paid-up Capital

2 6 7 4 0

Reserves and Surplus

5 1 0 3 9 1

Secured Loans

N I L

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

1 0 4 9 9 6

Investments

3 3 8 2 7 1

Net Current Assets

7 7 2 3 6

Deferred Tax Asset

1 6 6 2 8

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN ₹ '000)

Turnover/Income

9 4 9 7 9 6

Total Expenditure

9 8 2 3 6 1

Profit Before Tax

(3 2 5 6 5)

Profit After Tax

(2 8 1 1 4)

Earnings per Share (in ₹)

(1 0 . 6 7)

Dividend %

N I L

V. GENERIC NAMES OF PRINCIPAL SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

N I L

Product Description

A S S E T M A N A G E M E N T

NAME OF SUBSIDIARY COMPANIES	IDFC INVESTMENT ADVISORS LIMITED	IDFC PENSION FUND MANAGEMENT COMPANY LIMITED	IDFC INVESTMENT MANAGERS (MAURITIUS) LIMITED	
	₹	₹	USD	₹
The financial year of the Subsidiary Companies ended on	March 31, 2011	March 31, 2011	March 31, 2011	
Number of shares in the Subsidiary Companies held by IDFC Asset Management Company Limited and its subsidiaries at the above date.	10,000,000 shares of ₹ 10 each	6,000,001 shares of ₹ 10 each	57,290 shares of USD 1 each	
Holding Company's interest in percentage	100.00%	50.01%	100.00%	
The net aggregate of profits of the Subsidiary Companies so far as these concern the member of IDFC Asset Management Company Limited.				
(i) dealt with in the accounts of IDFC Asset Management Company Limited amounted to:				
(a) for subsidiaries' financial year ended on March 31, 2011	-	-	-	-
(b) for previous financial years of the subsidiaries since these became subsidiaries of IDFC Asset Management Company Limited	-	-	-	-
(ii) not dealt with in the accounts of IDFC Asset Management Company Limited amounted to:				
(a) for subsidiaries' financial year ended on March 31, 2011	6,666,871	1,422,690	905	41,190
(b) for previous financial years of the subsidiaries since these became subsidiaries of IDFC Asset Management Company Limited.	69,469,803	(638,164)	-	-

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

BAKUL PATEL
Director

PRADIP MADHAVJI
Director

UTTARA DEKA
Company Secretary

Mumbai | April 27, 2011