

IDFC ASSET
MANAGEMENT
COMPANY LIMITED



BOARD OF DIRECTORS

Dr. Rajiv Lall
Chairman
Mr. Vikram Limaye
Mr. Eric Ward
Mr. Pradip Madhavji
Mrs. Bakul Patel

AUDITORS

S.V. Ghatalia & Associates
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.

DIRECTOR'S REPORT

TO THE MEMBERS,

We are pleased to present the Twelfth Annual Report to the Members, along with the audited Profit and Loss Account for the period ended March 31, 2012 and the Balance Sheet as at March 31, 2012.

	YEAR ENDED MARCH 31, 2012	(Amount in ₹) YEAR ENDED MARCH 31, 2011
Total Income	1,126,518,883	949,788,479
Total Expenses	969,288,923	982,353,646
Profit/(Loss) before Tax	157,229,960	(32,565,168)
Total Tax expense	5,35,47,000	(4,451,000)
Profit/(Loss) after Tax	103,682,960	(28,114,168)

EXISTING BUSINESSES

I. MUTUAL FUNDS

The Company is the Investment Manager of the schemes of IDFC Mutual Fund (IDFC MF). The Assets under Management of IDFC MF were ₹ 25,865 crore (including AUM of Fund of Funds Schemes) as on March 31, 2012.

NEW SCHEME LAUNCHES

Forty Six Close-Ended income Schemes in the form of Fixed Maturity Plans (FMP's) were launched. These comprised of IDFC Fixed Maturity Plan – Quarterly Series (64- 74), IDFC Fixed Maturity Plan – Half Yearly Series-15, IDFC- Fixed Maturity Plan 200 Days Series-1-2, IDFC Fixed Maturity Plan – Yearly Series (32-67), IDFC- Fixed Maturity Plan - Thirteen Month Series- 7-8 & 11, IDFC- Fixed Maturity Plan - Eighteen Months Series-9-10, IDFC Fixed Maturity Plan-2 year series 1-2 and IDFC Fixed Maturity Plan-3 Year Series-5.

These close-ended income schemes collected approximately ₹ 7,687.30 crore.

AWARDS & RECOGNITION

- IDFC Dynamic Bond Fund was ranked as a Seven Star Fund by ICRA for its 1 year performance till December 31, 2011.
- IDFC Premier Equity Fund was ranked as a Seven Star Fund by ICRA for 1 year performance till December 31, 2011.
- IDFC Premier Equity Fund was ranked as a Seven Star Fund by ICRA for its 3 year performance till December 31, 2011.

II. 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 and Exchange Board of India (SEBI) to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 1993. During the year under review, IDFC Financials Portfolio was launched. The portfolio aims to invest over a medium term horizon in a pool of listed securities which concur to a common theme. The portfolio to be constructed would benefit from companies providing financial services at various levels to enhance trade at the retail and wholesale level. The companies typically would focus on securitized lending with business spread across the retail and wholesale segments. The AUM of IDFC Financials Portfolio was ₹ 31.15 crore as on March 31, 2012.

NEW BUSINESS

IDFC SPICE Fund is a domestic venture capital fund registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996 as an irrevocable determinant trust. IDFC IA is recognised by SEBI to act as Investment Manager to IDFC SPICE Fund. It is customized to suit the needs of the non-institutional investor with focus on early stage, late stage, Pre-IPO, listed market growth opportunities. The objective of the Fund is to invest in the growth drivers of the Indian economy, i.e. Infrastructure and Consumption.

It was launched in the domestic market on July 22, 2011 and the funds mobilised so far, has been in excess of ₹ 350 crore across 700 investors as of March 31, 2012.

III. 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 1, 2009. Tier I, Tier II and NPS Lite schemes are managed by IDFC PFM. The AUM of Tier I, Tier II and NPS schemes as on March 31, 2012 was ₹ 7.86 crore.

DIVIDEND

The Company has made a profit after tax of ₹ 10.37 crore during the year under review. The directors recommend a dividend of ₹ 7.5 per equity share on face value of ₹ 10 for the year ended March 31, 2012 for the approval of the members.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association Mr. Pradip Madhavji 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 an additional director of the Company on April 27, 2011 and was confirmed at the last Annual General Meeting of the Company held on July 15, 2011. Further, Mr. Eric Ward was appointed as additional director of the Company by the Board of Directors on December 8, 2011 and was confirmed at the Extraordinary General Meeting of the members of the Company held on December 8, 2011.

REPORT OF THE DIRECTORS

AUDITORS

M/s. M. P. Chitale, Chartered Accountants are due to retire at the ensuing Annual General Meeting.

S. V. Ghatalia & Associates, Chartered Accountants shall be appointed as new auditors of the Company for the financial year ending March 31, 2013 in place of retiring Auditors subject to the approval of the shareholders of the company in the ensuing Annual General Meeting.

S. V. Ghatalia & Associates have confirmed that their appointment, if made, would be in conformity with the provisions of Sections 224 and 226 of the Companies Act, 1956 as have also indicated their willingness to be appointed.

You are requested to consider their appointment.

AUDIT COMMITTEE

On December 8, 2011, Mr. Eric Ward was appointed as member of the Audit Committee of the Board of Directors. The Audit Committee consists of four members, Mr. Pradip Madhavji as Chairman, Dr. Rajiv Lall, Mrs. Bakul Patel and Mr. Eric Ward. The Committee met four times during the year under review. The functions of the Committee include reviewing the Company's financial reporting processes, disclosure of its financial information, matters pertaining to appointment and removal of auditors, review of its 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

In terms of the Share subscription and purchase agreement dated December 16, 2010 signed between IDFC, the Company and Natixis Global Asset Management (NGAM), 24.86% of the total issued and paid up equity share capital of the Company, held by IDFC was transferred to Natixis Global Asset Management Asia Pte. Ltd. (a 100% subsidiary of NGAM). Further, 5,043 (Five Thousand Forty Three) Equity Shares of ₹ 10 (Rupees Ten only) each at a premium of ₹ 4,469 (Rupees Four Thousand Four Hundred and Sixty Nine only) per share were issued and allotted by way of preferential allotment to Natixis Global Asset Management Asia Pte Ltd on December 9, 2011.

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

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. 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;
4. that they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Board places on record its gratitude to the Government of India, Securities and 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

DR. RAJIV LALL

Chairman

Mumbai,

June 8, 2012

AUDITORS' REPORT

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, 2012 and also the Statement of Profit and Loss 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) 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.
- (2) 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, Statement of Profit and Loss and Cash Flow Statement dealt with in 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 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, 2012 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, 2012,
 - (ii) in so far as it relates to the Statement of Profit and Loss, 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
(Registration No. 101851W)

VIDYA BARJE

Partner
(Membership No. 104994)

Mumbai,
April 23, 2012

ANNEXURE

TO THE AUDITORS' REPORT

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 program 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, 2012 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, 2012 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 (Appeal)
3,037,298	A.Y. 2005-06	Referred back to AO by ITAT (Appeal)
3,513,413	A.Y. 2008-09	CIT (Appeal)

- (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.

ANNEXURE

TO THE AUDITORS' REPORT

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- (xviii) According to the information and explanations given to us, the Company has not issued any debentures up to March 31, 2012.
- (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
(Registration No. 101851W)

VIDYA BARJE

Partner
(Membership No. 104994)

Mumbai,
April 23, 2012

BALANCE SHEET

AS AT MARCH 31, 2012

	NOTES	(₹) AS AT MARCH 31, 2012	(₹) AS AT MARCH 31, 2012	(₹) AS AT MARCH 31, 2011
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
(a)	Share capital	3	26,790,450	26,740,020
(b)	Reserves and surplus	4	613,258,487	510,390,759
			640,048,937	537,130,779
NON-CURRENT LIABILITIES				
(a)	Other long-term liabilities	5	27,316,305	20,287,719
(b)	Long-term provisions	6	13,980,879	7,242,019
			41,297,184	27,529,738
CURRENT LIABILITIES				
(a)	Trade payables		21,788,161	66,850,017
(b)	Other current liabilities	7	196,454,519	216,380,844
(c)	Short-term provisions	8	26,317,349	781,392
			244,560,029	284,012,253
TOTAL			925,906,150	848,672,770
ASSETS				
NON-CURRENT ASSETS				
(a)	Fixed assets			
	Tangible assets	9	77,000,842	97,318,401
	Intangible assets	10	5,627,423	7,677,331
			82,628,265	104,995,732
(b)	Non-current investments	11	162,569,234	162,569,234
(c)	Deferred tax assets (net)	12	25,981,000	16,628,000
(d)	Long-term loans and advances	13	302,523,483	336,229,546
(e)	Other non-current assets	14	-	1,213,435
			491,073,717	516,640,215
			573,701,982	621,635,947
CURRENT ASSETS				
(a)	Current investments	15	262,178,173	175,702,090
(b)	Trade receivables	16	21,920,692	26,811,131
(c)	Cash and bank balances	17	22,803,567	8,285,139
(d)	Short-term loans and advances	13	45,047,878	16,238,463
(e)	Other current assets	14	253,858	-
			352,204,168	227,036,823
TOTAL			925,906,150	848,672,770
	Summary of significant accounting policies	2		
	See accompanying notes to the financial statements.			

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED.

FOR M.P. CHITALE & CO.

Chartered Accountants
(Registration No. 101851W)

VIDYA BARJE

Partner
(Membership No. 104994)

Mumbai | April 23, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
IDFC ASSET MANAGEMENT COMPANY LIMITED

PRADIP MADHAVJI

Director

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	(₹) FOR THE YEAR ENDED MARCH 31, 2012	(₹) FOR THE YEAR ENDED MARCH 31, 2011
I INCOME			
Revenue from operations	18	1,100,023,010	930,897,151
Other income	19	26,495,873	18,891,328
TOTAL INCOME (I)		1,126,518,883	949,788,479
II EXPENSES			
Employee benefits expense	20	435,224,332	375,421,404
Depreciation and amortisation expense	9, 10	34,608,281	33,057,494
Other expenses	21	499,456,310	573,874,749
TOTAL EXPENSES (II)		969,288,923	982,353,647
III PROFIT BEFORE TAX (I - II)		157,229,960	(32,565,168)
IV TAX EXPENSE			
Current tax		62,900,000	5,200,000
Deferred tax	12	(9,353,000)	(9,651,000)
TOTAL TAX EXPENSE (IV)		53,547,000	(4,451,000)
V PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (III - IV)		103,682,960	(28,114,168)
VI EARNINGS PER EQUITY SHARE (nominal value per share ₹ 10)	29		
Basic (₹)		38.75	(10.67)
Summary of significant accounting policies	2		

See accompanying notes to the financial statements.

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED.

FOR M.P. CHITALE & CO.

Chartered Accountants
(Registration No. 101851W)

VIDYA BARJE

Partner
(Membership No. 104994)

Mumbai | April 23, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
IDFC ASSET MANAGEMENT COMPANY LIMITED

PRADIP MADHAVJI

Director

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

	(₹)	(₹)
	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	157,229,960	(32,565,168)
ADJUSTMENT FOR		
Add : Depreciation and amortisation	34,608,281	33,057,494
Add : Provision for retirement benefits	8,922,418	4,304,711
Add : Excess provision write back	(5,222,944)	(30,050,996)
Add : Lease escalation charge	7,028,586	8,108,694
Add : Fixed assets written off	18,388	400,507
Less: Profit on sale of fixed assets	(7,450)	(6,878)
Operating Profit before working capital changes	202,577,239	(16,751,636)
(Increase)/Decrease		
Current Assets, Loans and advances	(56,372,481)	(7,527,841)
Debtors	4,890,438	(9,211,835)
	(51,482,043)	(16,739,676)
Increase/(Decrease) in Current Liabilities		
Expenses/Tax Payable	(59,765,236)	(162,586,729)
	(111,247,279)	(179,326,405)
Direct taxes paid	(1,721,292)	(97,113,948)
NET CASH USED IN OPERATING ACTIVITIES (A)	89,608,668	(293,191,989)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Investment in subsidiaries	-	(2,569,224)
Purchase of fixed asset including capital work-in-progress (net of deletions)	(12,251,754)	(47,297,143)
NET CASH USED IN INVESTING ACTIVITIES (B)	(12,251,754)	(49,866,367)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares	22,587,597	200,000,000
Redemption of preference shares capital	-	(197,925,000)
NET CASH FROM FINANCING ACTIVITIES (C)	22,587,597	2,075,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	99,944,511	(340,983,356)
Cash and cash equivalents as at beginning of the year	183,987,229	524,970,585
Cash and cash equivalents as at end of the year (refer note below)	283,931,740	183,987,229
	(99,944,511)	340,983,356
NOTE TO CASH FLOW STATEMENT :		
Cash and cash equivalents		
Cash and bank balance as per note 17	21,753,567	8,285,139
Add : Investment at cost as per note 15	262,178,173	175,702,090
	283,931,740	183,987,229

IN TERMS OF OUR REPORT OF EVEN DATE ATTACHED.

FOR M.P. CHITALE & CO.

Chartered Accountants
(Registration No. 101851W)

VIDYA BARJE

Partner
(Membership No. 104994)

Mumbai | April 23, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
IDFC ASSET MANAGEMENT COMPANY LIMITED

PRADIP MADHAVJI

Director

BAKUL PATEL

Director

UTTARA DEKA

Company Secretary

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

1 BASIS OF PREPARATION

IDFC Asset Management Company Limited ('the Company') is a public company, incorporated in India and regulated by the Securities and Exchange Board of India (SEBI). The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by SEBI. The financial statements have been prepared on the accrual basis under the historical cost convention.

2 SIGNIFICANT ACCOUNTING POLICIES

a. PRESENTATION AND DISCLOSURE OF FINANCIAL STATEMENTS

During the year ended March 31, 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. Accordingly, the figures for the previous year have been regrouped, wherever necessary to conform with the current year's classification.

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. CHANGE IN ACCOUNTING POLICY

The Company has adopted a policy to amortise the upfront brokerage over the tenure of the fund i.e. from the date of allotment to the date of maturity. Due to this change in the accounting policy, asset as at reporting date and profit for the year ended March 31, 2012 are higher by ₹ 31,304,256.

d. USE OF ESTIMATES

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.

e. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the Accounting Standard 13 on 'Accounting for Investments' as notified by the Companies (Accounting Standards) Rules, 2006. All other investments are classified as long-term 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/market value on an individual basis.

f. 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. Gains or losses arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss when asset is derecognised. Leasehold improvements are shown at historical cost less accumulated depreciations.

g. INTANGIBLE ASSETS AND AMORTISATION

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.

h. 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. Certain electronic items are depreciated over a period of two years on straight-line method based on the Management's estimate of the useful life of assets. Depreciation in respect of leasehold improvements is provided on the straight-line method over the extended lease term or five years whichever is earlier.
- Depreciation on additions during the year is provided on a pro-rata basis. Assets costing ₹ 5,000 or less are written off in the year of purchase.

Amortisation on intangible assets

- Intangible assets consisting of computer software are being amortised over a period of three years on a straight-line method.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

i. 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 Limited.

j. FOREIGN CURRENCY TRANSACTIONS

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

k. 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 Statement of Profit and Loss on a straight line basis over the extended lease term.

l. EMPLOYEE BENEFITS

Defined Contribution Plan

- 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 Statement of Profit and Loss.
- The Company's contribution to provident fund is deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss every year.

Defined benefit plan

- The net present value of the Company's obligation towards gratuity to employees is actuarially determined as at the reporting date and actuarial gains and losses are recognised in the Statement of Profit and Loss.

m. 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.

n. 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' notified by the Companies (Accounting Standards) Rules, 2006. 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 Statement of Profit and Loss and the cumulative effect thereof is reflected in the Balance Sheet.

o. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of Cash Flow Statement comprises cash at bank, cash in hand, fixed deposits with an original maturity of three months or less and investment in liquid schemes of mutual funds.

- p. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

3 SHARE CAPITAL

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	NUMBER	(₹)	NUMBER	(₹)
AUTHORISED				
Equity shares of ₹10 each	25,000,000	250,000,000	4,000,000	40,000,000
Preference shares of ₹100 each (valid up to March 31, 2011)	-	-	21,000,000	210,000,000
ISSUED, SUBSCRIBED & FULLY PAID-UP				
Equity shares of ₹10 each	2,679,045	26,790,450	2,674,002	26,740,020
(Of the above equity shares 2,009,283 fully paid shares are held by Infrastructure Development Finance Company Limited, the holding company)				
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		26,790,450		26,740,020

(a) RECONCILIATION OF THE NUMBER OF EQUITY SHARES OUTSTANDING AS AT THE BEGINNING AND AT THE END OF THE YEAR

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	NUMBER	(₹)	NUMBER	(₹)
Outstanding as at the beginning of the year	2,674,002	26,740,020	2,610,002	26,100,020
Issued during the year	5,043	50,430	64,000	640,000
Outstanding as at the end of the year	2,679,045	26,790,450	2,674,002	26,740,020

(b) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. During the year ended March 31, 2012, dividend of ₹ 7.50 per share is recognised as amount distributable to equity shareholder (Previous Year ₹ Nil per share).

(c) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE EQUITY SHARES IN THE COMPANY

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
Infrastructure Development Finance Company Limited	2,009,283	75.00%	2,674,002	100.00%
Natixis Global Asset Management Asia Pte. Ltd.	669,762	25.00%	-	-

4 RESERVES & SURPLUS

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
		(₹)		(₹)
(a) SECURITIES PREMIUM ACCOUNT				
Opening balance		199,360,000		-
Add : Premium on issue of equity shares		22,537,167		199,360,000
Closing balance		221,897,167		199,360,000
(b) CAPITAL REDEMPTION RESERVE				
Opening balance		197,925,000		-
Add : Transfer from Statement of Profit and Loss		-		197,925,000
Closing balance		197,925,000		197,925,000
(c) GENERAL RESERVE				
Opening balance		28,350,000		28,350,000
Add : Transfer from Statement of Profit and Loss		10,370,000		-
Closing balance		38,720,000		28,350,000
(d) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Opening balance		84,755,759		310,794,927
Profit for the year		103,682,960		(28,114,168)
LESS: APPROPRIATIONS				
Capital redemption reserve		-		197,925,000
General reserve		10,370,000		-
Proposed dividend on equity shares		20,092,838		-
Tax on proposed equity dividend		3,259,561		-
TOTAL APPROPRIATIONS		33,722,399		197,925,000
Net surplus in the Statement of Profit and Loss		154,716,320		84,755,759
TOTAL RESERVES AND SURPLUS		613,258,487		510,390,759

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

5 OTHER LONG-TERM LIABILITIES

	AS AT MARCH 31, 2012 (₹)	AS AT MARCH 31, 2011 (₹)
Lease equalisation account	27,316,305	20,287,719
TOTAL	27,316,305	20,287,719

6 LONG-TERM PROVISIONS

	AS AT MARCH 31, 2012 (₹)	AS AT MARCH 31, 2011 (₹)
Provision for employee benefits	13,980,879	7,242,019
TOTAL	13,980,879	7,242,019

7 OTHER CURRENT LIABILITIES

	AS AT MARCH 31, 2012 (₹)	AS AT MARCH 31, 2011 (₹)
Other payables	196,426,510	206,892,297
TDS and other statutory dues	28,009	9,488,547
TOTAL	196,454,519	216,380,844

8 SHORT-TERM PROVISIONS

	AS AT MARCH 31, 2012 (₹)	AS AT MARCH 31, 2011 (₹)
Provision for employee benefits	2,964,950	781,392
Other Provisions		
Proposed equity dividend	20,092,838	-
Tax on proposed equity dividend	3,259,561	-
TOTAL	26,317,349	781,392

9 TANGIBLE ASSETS

	GROSS BLOCK (₹)			ACCUMULATED DEPRECIATION (₹)			NET BLOCK (₹)		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2011
Leasehold improvements	74,110,049	1,065,433	-	75,175,482	23,411,569	16,092,380	-	39,503,949	35,671,533
Furniture and fixtures	18,427,247	281,080	7,236	18,701,091	6,201,440	2,308,615	1,829	8,508,226	10,192,865
Office equipment	31,862,523	2,339,235	-	34,201,758	9,941,693	3,710,041	-	13,651,734	20,550,024
Computers	43,375,109	4,270,539	616,372	47,029,276	30,901,826	6,132,222	591,192	36,442,856	10,586,420
TOTAL	167,774,928	7,956,287	623,608	175,107,607	70,456,528	28,243,258	593,021	98,106,765	77,000,842
Previous Year	121,023,823	47,561,732	810,626	167,774,929	44,323,189	26,402,900	269,561	70,456,528	97,318,401

10 INTANGIBLE ASSETS

	GROSS BLOCK (₹)			ACCUMULATED AMORTISATION (₹)			NET BLOCK (₹)		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Amortisation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2011
Computer software	26,257,474	4,315,115	-	30,572,589	18,580,143	6,365,023	-	24,945,166	5,627,423
TOTAL	26,257,474	4,315,115	-	30,572,589	18,580,143	6,365,023	-	24,945,166	5,627,423
Previous Year	22,862,874	3,394,600	-	26,257,474	11,925,549	6,654,594	-	18,580,143	7,677,331

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

11 NON-CURRENT INVESTMENTS

	FACE VALUE (₹)	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
		QUANTITY	(₹)	QUANTITY	(₹)
TRADE INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE)					
UNQUOTED EQUITY SHARES (FULLY PAID)					
INVESTMENT IN SUBSIDIARIES					
IDFC Pension Fund Management Company Limited	10	6,000,001	60,000,010	6,000,001	60,000,010
IDFC Investment Advisors Limited	10	10,000,000	100,000,000	10,000,000	100,000,000
IDFC Investment Managers (Mauritius) Limited	45	57,290	2,569,224	57,290	2,569,224
TOTAL NON-CURRENT INVESTMENTS			162,569,234		162,569,234

12 DEFERRED TAX ASSETS (NET)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹)	(₹)	(₹)	(₹)
DEFERRED TAX ASSETS				
(a) Provisions		5,499,000		2,604,000
(b) Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting		11,467,000		5,597,000
(c) Others		9,015,000		8,427,000
DEFERRED TAX ASSETS (NET)		25,981,000		16,628,000

In compliance with Accounting Standard 22 relating to 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ 9,353,000 (Previous Year ₹ 9,651,000) in the Statement of Profit and Loss towards deferred tax assets (net) on account of timing differences.

13 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Loans and advances to related parties (refer note 27)	-	794,160	-	-
Advance recoverable in cash or kind or for value to be received	-	15,995,479	-	8,096,769
Security deposits	106,927,501	-	93,203,805	-
Other deposits	374,850	-	361,720	-
Capital advances	6,241,101	-	1,266,251	-
Other loans and advances				
Advance payment of income-tax (net of provision)	180,115,149	-	241,293,858	-
Prepaid expenses	8,864,882	28,258,239	103,912	8,141,694
TOTAL	302,523,483	45,047,878	336,229,546	16,238,463

14 OTHER ASSETS

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Non-current fixed deposit with bank	-	-	1,050,000	-
Interest accrued on bank deposits	-	253,858	163,435	-
TOTAL	-	253,858	1,213,435	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

15 CURRENT INVESTMENTS

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	QUANTITY	(₹)	QUANTITY	(₹)
INVESTMENT IN MUTUAL FUNDS (UNQUOTED)				
IDFC Money Manager Fund- Treasury Plan C-Growth	12,341,175	157,040,224	15,090,274	175,702,090
IDFC Dynamic Bond Fund - Plan B - Growth	4,098,293	50,000,000	-	-
IDFC Super Saver Income Fund - Medium Term - Plan B - Growth	4,838,615	55,137,949	-	-
TOTAL CURRENT INVESTMENTS		262,178,173		175,702,090
Aggregate amount of investments in unquoted mutual funds				
Cost		262,178,173		175,702,090
Market value		264,514,914		175,806,213

Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.

16 TRADE RECEIVABLES (UNSECURED) (CONSIDERED GOOD UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹)		(₹)	
	CURRENT MATURITIES		CURRENT MATURITIES	
Outstanding for a period less than six months from the date they are due for payment		21,920,692		26,811,131
TOTAL		21,920,692		26,811,131

17 CASH AND BANK BALANCES

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Cheques on hand	-	-	-	10,000
Balances with banks:				
In current accounts	-	21,753,567	-	8,275,139
	-	21,753,567	-	8,285,139
Other bank balances				
Fixed deposits with original maturity of more than 12 months	-	1,050,000	1,050,000	-
	-	1,050,000	1,050,000	-
Amount disclosed under non-current assets	-	-	(1,050,000)	-
TOTAL	-	22,803,567	-	8,285,139

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

18 REVENUE FROM OPERATIONS

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Management Fees	1,100,023,010	930,897,151
TOTAL	1,100,023,010	930,897,151

(a) Management Fees includes income of ₹ 4,931,909 pertaining to FY11.

19 OTHER INCOME

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Interest on income tax refund	6,561,958	2,249,335
Other interest	90,423	447,057
Dividend income	8,061,499	5,339,189
Net gain/loss on sale of current investments	6,305,457	4,538,662
Business centre fees	5,276,360	6,036,360
Miscellaneous income	200,176	280,725
TOTAL	26,495,873	18,891,328

20 EMPLOYEE BENEFITS EXPENSE

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Salaries and bonus [refer note (a) & (b) below]	399,923,912	348,602,174
Contribution to provident and other funds	11,845,082	10,088,020
Staff welfare expenses	23,455,338	16,731,210
TOTAL	435,224,332	375,421,404

(a) Salaries and bonus include ESOP compensation cost of ₹ 5,222,944 (Previous Year ₹ 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 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.

(b) Salaries and bonus includes shortfall of bonus provision for previous year ended March 31, 2011 of ₹ 12,611,200 on account of change in estimate in provision for bonus.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

21 OTHER EXPENSES

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Rent	121,899,446	115,143,338
Rates & taxes	6,754,549	6,247,522
Electricity	10,782,667	8,355,993
Repairs and maintenance		
Buildings	119,338	357,881
Equipments	1,845,659	1,301,228
Others	21,330,623	16,991,201
Insurance charges	1,537,655	1,918,883
Travelling and conveyance	22,298,635	23,136,853
Printing and stationery	1,405,721	12,504,554
Communication costs	15,391,695	25,324,770
Advertising and publicity	14,930,465	15,145,972
Brokerage expenses	73,638,929	117,011,864
Other charges	46,533	(1,644,947)
Listing & rating fees	1,028,241	2,221,770
Loss on sale of fixed assets (net)	10,938	393,629
Professional fees	82,911,392	77,870,250
Loss on foreign exchange fluctuation (net)	1,546	479
Directors' sitting fees	440,000	240,000
Internet expenses	14,869,675	13,437,094
Filing fees	104,450	2,966,969
Computer software and subscription	4,391,984	3,767,095
Membership and subscription	2,416,389	1,931,133
Data storage and retrieval charges	900,000	-
Donations	190,101	1,550
Statutory dues	474,324	1,536,768
Car parking charges	289,350	2,025
Stamp duty and registration charges	295,592	273,528
Auditors' remuneration [refer note (a) below]	982,095	908,090
Scheme issue expenses [refer note (b) below]	23,176,633	57,430,710
Shared service cost [refer note (c) below]	16,702,728	8,124,000
Operational costs [refer note (e) below]	58,157,064	61,102,588
Miscellaneous expenses	131,893	(128,041)
TOTAL	499,456,310	573,874,749

(a) Break up of auditors' remuneration:

	MARCH 31, 2012	MARCH 31, 2011
	(₹)	(₹)
Audit fees	550,000	550,000
Tax audit fees	200,000	200,000
Other services	210,000	140,000
Out-of-pocket expenses	22,095	18,090
TOTAL	982,095	908,090

(b) Scheme issue expenses are the expenses incurred by the Company towards launching of schemes and plans of IDFC Mutual Fund during the year.

(c) Shared service cost represents reimbursement to holding company under a shared service agreement.

(d) Expenses incurred on behalf of schemes of IDFC Mutual Fund are charged to the Statement of Profit and Loss unless considered recoverable from schemes of the fund.

(e) Operational costs comprises of expenses which are incurred by mutual fund schemes over and above the expense limits prescribed by SEBI, interest charged by bank to the Mutual Fund on account of temporary borrowings or overdrafts and payments made to investors of Mutual Fund on account of delay in payment of redemption proceeds which are borne by the Company. Operational cost of ₹ 14,785,084 has been incurred over and above provisions made in FY11.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

22 Service tax credit of ₹ 7,877,013 (Previous Year ₹ 3,488,179) would be claimed against future service tax liability.

23 EXPENDITURE IN FOREIGN CURRENCIES

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Advertising - media	56,897	-
Books and periodicals	19,302	3,233
Computer software and subscription	1,318,681	445,572
Filing fees	18,902	16,155
Foreign travel	217,027	516,466
Gifts and presentation articles	-	1,235
Operational costs	-	8,674
Other professional fees	43,652	179,160

24 EARNINGS IN FOREIGN CURRENCIES

₹ NIL (Previous Year ₹ Nil)

25 In accordance with Accounting Standard 15 on 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006 the following disclosures have been made:

i. The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Provident fund	11,141,655	10,015,048
Superannuation fund	1,191,298	751,388
Pension fund	703,427	-

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

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:		
Liability at the beginning of the year	10,974,963	3,718,700
Current service cost	6,757,729	1,799,515
Interest cost	1,439,386	438,100
Liabilities extinguished on settlement	-	-
Liabilities assumed on acquisition/(settled on divestiture)	-	(254,224)
Benefits paid	(1,677,285)	(435,766)
Actuarial loss	1,221,967	2,166,776
Past service cost	-	3,541,862
Closing defined benefit obligation	18,716,760	10,974,963
Unrecognised past service cost	1,770,931	2,951,552
Liability at the end of the year	16,945,829	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	1,677,285	435,766
Benefits paid	(1,677,285)	(435,766)
Actuarial loss/(gain) on plan assets	-	-
Fair value of plan assets at the end of the year	-	-
Total actuarial loss/(gain) to be recognised	-	-
ACTUAL RETURN ON PLAN ASSETS:		
Expected return on plan assets	-	-
Actuarial loss/(gain) on plan assets	-	-
Actual return on plan assets	-	-

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

	FOR THE YEAR ENDED MARCH 31, 2012 (₹)	FOR THE YEAR ENDED MARCH 31, 2011 (₹)
AMOUNT RECOGNISED IN THE BALANCE SHEET:		
Liability at the end of the year	16,945,829	8,023,411
Fair value of plan assets at the end of the year	-	-
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	16,945,829	8,023,411
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	6,757,729	1,799,515
Interest cost	1,439,386	438,100
Expected return on plan assets	-	-
Net actuarial loss/(gain) to be recognised	1,221,967	2,166,776
Past service cost	1,180,621	590,310
Loss/(gains) on acquisition/divestiture	-	-
Liabilities assumed on acquisition/(settled on divestiture)	-	(254,224)
Expense recognised in the Statement of Profit and Loss under 'Staff expenses'	10,599,703	4,740,477
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:		
Opening net liability	8,023,411	3,718,700
Expense recognised	10,599,703	4,740,477
Contribution by the Company	(1,677,285)	(435,766)
Amount recognised in the balance sheet under 'Provision for employee benefits'	16,945,829	8,023,411
Expected employer's contribution next year	-	-

	MARCH 31, 2012 (₹)	MARCH 31, 2011 (₹)	MARCH 31, 2010 (₹)	MARCH 31, 2009 (₹)	MARCH 31, 2008 (₹)
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	18,716,760	10,974,963	3,718,700	2,000,718	-
Plan assets	-	-	-	-	-
Surplus/(deficit)	(18,716,760)	(10,974,963)	(3,718,700)	(2,000,718)	-
Experience adjustments on plan liabilities	1,136,092	2,504,509	(326,961)	-	-
Experience adjustments on plan assets	-	-	-	-	-

	MARCH 31, 2012 (%)	MARCH 31, 2011 (%)
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	8.38	8.30
Expected rate of return on assets (p.a.)	-	-
Salary escalation rate (p.a.)	8.00	8.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

26 The Company is an Asset Management Company to IDFC Mutual Fund business. During the year ended March 31, 2012, 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' as notified by the Companies (Accounting Standards) Rules, 2006.

27 As per Accounting Standard 18 on 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, 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 and Manager (April 1, 2011 to July 13, 2011)

Mr. Nikhil Shanghai - Manager (July 14, 2011 to March 31, 2012)

Mr. Naval Bir Kumar - President & CEO

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

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 PARTIES AND NATURE OF RELATIONSHIP		FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
		(₹)	(₹)
I. HOLDING COMPANY:			
Infrastructure Development Finance Company Limited	Advances taken and repaid (net of advances given)	16,194,883	15,669,298
	Business centre fees paid	18,423,113	8,960,772
	Redemption of preference shares	-	197,925,000
	Inter-corporate 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)	(6,514,824)	9,578,972
	Business centre fees recovered	2,951,628	2,951,628
IDFC Pension Fund Management Company Limited	Advances given and recovered	2,719,564	2,294,644
	Business centre fees recovered	1,191,636	397,476
	Advances recoverable/(payable) - balance outstanding	794,160	(3,052,767)
IDFC Investment Managers (Mauritius) Limited	Acquisition of equity shares	-	2,569,224
III. FELLOW SUBSIDIARIES:			
IDFC AMC Trustee Company Limited	Advances given and recovered	291,230	167,264
IDFC Capital Limited	Business centre fees recovered	1,676,560	2,514,840
IV. KEY MANAGEMENT PERSONNEL:			
Mr. Naval Bir Kumar	Remuneration paid	34,110,180	27,960,190
	Reimbursement of business expenses	198,141	245,751
Mrs. Jyothi Krishnan	Remuneration paid	1,167,329	3,717,698
	Advances recoverable/(payable) - balance outstanding	250,000	-

(a) Excess managerial remuneration paid during the year of ₹ 250,000 has been shown as recoverable from the manager as on March 31, 2012.

28 In accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of operating leases are made:

- i. The Company has taken a copier machine under irrevocable rental agreement (expiring on April 4, 2013 and April 5, 2014) from En Em Business Solutions. The committed rentals in the future are :

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Not later than one year	96,000	97,000
Later than one year and not later than five years	42,583	90,000

- ii. The Company has taken vehicles for five employees under Cancelable Operating Leases which is included under Staff Expenses as follows:

		FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
NAME OF THE LESSOR		(₹)	(₹)
TERM			
LeasePlan India Limited	October 2008 to October 2012	559,001	988,107
ALD Automotive Private Limited	August 2010 to January 2015	764,670	140,588*

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

- iii. The Company has entered into cancelable as well as non-cancelable 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-cancelable operating lease for each of the periods is given below:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Not later than one year	40,732,558	97,993,711
Later than one year and not later than five years	8,032,554	48,515,082

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

29 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified by the Companies (Accounting Standards) Rules, 2006:

i. The basic earnings per share has been calculated based on the following:

	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Net profit after tax (₹)	103,682,960	(28,114,168)
Net amount available for equity shareholders (₹)	103,682,960	(28,114,168)
Weighted average number of equity shares (nos.)	2,675,573	2,634,550
Earnings per share (₹)	38.75	(10.67)

30 Details of movement in provisions, in terms of Accounting Standard 29 as notified by the Companies (Accounting Standards) Rules, 2006, is as under:

NATURE OF PROVISION	BALANCE AS AT APRIL 1, 2011 (₹)	ADDITIONS DURING THE YEAR (₹)	REVERSAL/ ADJUSTMENT (₹)	BALANCE AS AT MARCH 31, 2012 (₹)
Provision for Income-tax	291,125,601	62,900,000	-	354,025,601
Provision for deferred tax (asset)/liability	(16,628,000)	(9,353,000)	-	(25,981,000)
Contingent liability	6,433,513	5,299,211	-	11,732,724

31 Estimated amount of contracts remaining to be executed and not provided for ₹ 14,038,113 (Previous Year ₹ 3,676,884).

32 Contingent liabilities not provided for in respect of :

	AS AT MARCH 31, 2012 (₹)	AS AT MARCH 31, 2011 (₹)
(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	2,396,215
iii. Income-tax demand, disputed by the Company in respect of A.Y. 2008-09. The matters in dispute are under appeal.	3,513,410	-
(b) Bank guarantees issued on behalf of the Company	1,000,000	1,000,000
(c) Income-tax demand on Mutual Fund on account of non-payment of tax on income from pass through certificates by the issuing trust	1,785,801	-

33 Infrastructure Development Finance Company Limited, the parent company, has signed an agreement for a strategic partnership with Natixis Global Asset Management Asia Pte. Ltd. (NGAM) under which NGAM has acquired 664,719 shares from IDFC. Further, the Company has issued 5,043 equity shares of face value of ₹ 10 at a price of ₹ 4,479 per share to NGAM. Due to this transaction NGAM has acquired a minority stake in IDFC Asset Management Company Limited during the year ended March 31, 2012. Accordingly, ₹ 22,537,167 has been recognised as Share Premium.

34 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
IDFC ASSET MANAGEMENT COMPANY LIMITED

PRADIP MADHAVJI
Director

BAKUL PATEL
Director

UTTARA DEKA
Company Secretary

STATEMENT PURSUANT TO SECTION 212

OF THE COMPANIES ACT, 1956

NAME OF SUBSIDIARY COMPANIES	IDFC INVESTMENT ADVISORS LIMITED	IDFC PENSION FUND MANAGEMENT COMPANY LIMITED	IDFC INVESTMENT MANAGERS (MAURITIUS) LIMITED	
	(₹)	(₹)	US\$	(₹)
The financial year of the Subsidiary Companies ended on	March 31, 2012	March 31, 2012		March 31, 2012
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 US\$ 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, 2012	-	-	-
(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, 2012	27,044,112	747,937	115,058
(b)	for previous financial years of the subsidiaries since these became subsidiaries of IDFC Asset Management Company Limited.	76,136,676	784,526	905

* Exchange Rate:

Closing Rate : 1 US\$ = ₹ 51.16

Average Rate: 1 US\$ = ₹ 47.92

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
IDFC ASSET MANAGEMENT COMPANY LIMITEDPRADIP MADHAVJI
DirectorBAKUL PATEL
Director