



IDFC ASSET MANAGEMENT COMPANY LIMITED

BOARD OF DIRECTORS

Dr. Rajiv B. Lall - Chairman
Mr. Vikram Limaye
Mr. Eric Ward
Mr. Pradip Madhavji
Mrs. Bakul Patel
Mr. Vishwavir Saran Das

AUDITORS

S .V. Ghatalia & Associates
Chartered Accountants

PRINCIPAL BANKERS

Standard Chartered Bank
HDFC Bank Limited

REGISTERED OFFICE

One India Bulls Centre, 6th Floor
841 Jupiter Mills Compound
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai- 400 013
Tel: +91 22 6628 9999
Fax: +91 22 2421 5052
Website: www.idfcmf.com

Directors' Report

TO THE MEMBERS,

We are pleased to present the Thirteenth Annual Report to the Members, along with the audited Profit and Loss Account for the period ended March 31, 2013 and the Balance Sheet as at March 31, 2013.

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 ₹ 32,338.01 crore (including AUM of Fund of Funds Schemes) as on March 31, 2013:

New Scheme launches:

Twenty nine schemes were launched in FY13 including IDFC Banking Debt Fund , IDFC Equity Opportunity Series 1, IDFC Yearly Series Interval Fund (Series1-3) and fixed maturity plans in form of IDFC Fixed Term Plan Series (1-17), IDFC FMP 366 Days Series (71-79), IDFC Eighteen Months FMP Series 11 and IDFC FMP Thirteen Month Series 9.

These Schemes collected approximately ₹ 4,256.51 crore.

Awards & Recognition:

- IDFC Dynamic Bond Fund was awarded by ICRA for its 1 year performance .
- IDFC Premier Equity Fund was awarded by ICRA for its 1 and 3 year performance .
- IDFC Premier Equity Fund won Lipper Fund Award for its 5 year performance .
- IDFC Mutual Fund Website won a Gold Award at the 7th annual W³ Awards, under the General Website Categories - Financial Services.

II. Portfolio Management Services:

IDFC Investment Advisors Limited (IDFC IA) is a wholly owned 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 Regal Portfolio was launched. The portfolio aims to invest in companies that are expected to benefit the most from the next round of capex /investment cycle that is expected to take place in India over the next few years. It shall be the endeavour of the Portfolio Manager to have about 15 stocks on an average in the portfolio of Public Sector Units.

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 determinator trust. IDFC IA is recognized 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, ie Infrastructure and Consumption.

It was launched in the domestic market on July 22, 2011 and the final closing was done on April, 20 2012. The fund has mobilized ₹ 386 crs. across 1290 investors.

FINANCIAL RESULTS:

PARTICULARS	YEAR ENDED	YEAR ENDED
	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Total Income	1,637,122,009	1,121,242,523
Less: Total Expenses	1,217,659,902	964,012,563
Profit/(Loss) before Tax	419,462,107	157,229,960
Less: Total Tax expense	153,074,000	53,547,000
Profit/(Loss) after Tax	266,388,107	103,682,960

DIVIDEND

The Company has made a profit after tax of ₹ 26.64 crore during the year under review. The directors recommend a dividend of ₹ 75 per equity share on face value of ₹ 10 for the year ended March 31, 2013 for the approval of the members.

SUBSIDIARY COMPANIES

The Company has three subsidiaries, namely IDFC Pension Fund Management Company Limited (IPFMCL), IDFC Investment Advisors Limited and IDFC Investment Managers (Mauritius) Limited.

IPFMCL had received a letter dated October 19, 2012 from Pension Fund Regulatory & Development Authority (PFRDA) inter alia directing IPFMCL to transfer the scheme assets to SBI Pension Fund (P) Limited (SPFPL). Pursuant to the said directions IPFMCL has transferred all the Scheme accounts to SBFPL. Further, IPFMCL has also not renewed its registration as Pension Fund.

Directors' Report

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of holding company's interest in the subsidiary companies and the Annual Report of such subsidiary companies have been attached to this report.

DIRECTORS

The Board of Directors of the Company appointed Mr. Vishwavir Saran Das as an Additional Director w.e.f. October 22, 2012. Mr. Das will hold office up to the date of the ensuing Annual General Meeting (AGM). The Company has received a notice from a member of the Company under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Das as Director at the ensuing AGM.

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

The Board of Directors recommends the appointment / re-appointment of Mr. Das and Ms. Bakul Patel as Directors at the ensuing AGM.

AUDIT COMMITTEE

The Audit Committee consists of four members, Mr. Pradip Madhavji as Chairman, Dr. Rajiv B. 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.

AUDITORS

M/s S V Ghatalia & Associates LLP, Chartered Accountants and Statutory Auditors of the Company would be retiring at the conclusion of the forthcoming AGM and are eligible for re-appointment. The auditors have confirmed their eligibility and willingness to assume 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, 2014 as set out in the Notice convening the AGM.

You are requested to consider their appointment.

PUBLIC DEPOSITS

The Company has not accepted any Public Deposits under section 58A of the Companies act 1956.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998, are not applicable and hence not given.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

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 23 of the financial statements.

PARTICULARS OF EMPLOYEES AND REMUNERATION

The Company had 154 employees as on March 31, 2013. 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 are annexed to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to the material departures;
- 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 as at March 31, 2013 and the profit of the Company for the year ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- they have prepared annual accounts on a going concern basis.

COMPLIANCE CERTIFICATE

Pursuant to the provisions of Section 383A of the Companies Act, 1956, a certificate from Messrs Kaushik M. Jhaveri & Co., Company Secretaries, certifying that the Company has complied with the applicable provisions of the Companies Act, 1956, is attached herewith as an Annex to this Report.

Directors' Report

ACKNOWLEDGEMENT

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, July 1, 2013

Compliance Certificate

(UNDER SUB-SECTION (1) OF SECTION 383A OF THE COMPANIES ACT, 1956)

TO THE MEMBERS,
IDFC ASSET MANAGEMENT COMPANY LIMITED
MUMBAI.

CORPORATE IDENTITY NUMBER (CIN)	AUTHORISED CAPITAL	PAID UP CAPITAL
U65993MH1999PLC123191	₹ 25,00,00,000/-	₹ 2,67,90,450/-

We have examined the registers, records, books and papers of IDFC ASSET MANAGEMENT COMPANY LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended March 31, 2013 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Maharashtra under the Act and the rules made thereunder.
3. The Company, being a public limited company, comment is not required.
4. The Board of Directors duly met 5 (Five) times respectively on 23rd April, 2012, 24th July, 2012, 25th October, 2012, 23rd January, 2013 and 25th March, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended March 31, 2012 was held on 24th July, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. Based on the information and explanation provided, the Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. As per point no. V (a) annexure to Independent Auditor's Report, the Company have made necessary entries in register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued duplicate share certificate during the financial year under report.
13. The Company :
 - (i) has not made allotment/transfer/transmission of securities during the financial year.
 - (ii) to (iv) has issued cheques for payment of dividend within prescribed 30 days of Annual General meeting through separate bank account opened for dividend.
 - (v) has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is constituted under the provisions of the Companies Act, 1956. There was an appointment of additional Director and alternate directors during the financial year. There was no appointment of director to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. Based on Audited Annual Accounts, the Company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The company has not made any borrowings during the financial year ended March 31, 2013.
25. The Company has not made any investments u/s 372A of the Companies Act, 1956.

Compliance Certificate

(UNDER SUB-SECTION (1) OF SECTION 383A OF THE COMPANIES ACT, 1956)

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under report.
31. We were informed by the management of the company that there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. We were informed by the management of the Company that, the Company has not received any money as security from its employees during the year under report.
33. As informed to us, the Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

KAUSHIK M. JHAVERI & CO.

Practising Company Secretary

KAUSHIK M. JHAVERI

C.P. No. 2592

Mumbai, April 23, 2013

Annexure – A

Registers as maintained by the Company:-

1. Register of Members and Share Ledger u/s 150
2. Register of Share Transfer
3. Minutes Book of Proceedings of Board Meeting u/s 193
4. Minutes Book of Proceedings of General Meeting u/s 193
5. Register of Directors, Managing Directors, Managers and Secretary u/s 303
6. Register of Directors' Shareholdings u/s 307
7. Register of Contracts u/s 301

Annexure – B

The Company has filed following forms and returns with Registrar of Companies, Maharashtra during the financial year ended March 31, 2013.

SR. NO.	FORM NO./ RETURN	FILED UNDER SECTION	FOR	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME YES / NO	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID YES / NO
1.	Annual Accounts (E-Form 23AC & 23ACA - XBRL)	u/s 220	Year ended 31/03/2012	08/12/2012	Yes	N.A
2.	Annual Return (E-Form 20B (Revised))	u/s 159	Annual General Meeting held on 24th July, 2012	16/08/2012	Yes	N.A
3.	Annual Return (E-Form 20B)	u/s 159	Annual General Meeting held on 24th July, 2012	10/08/2012	Yes	N.A
4.	Form 23	u/s 192	Appointment of Auditors u/s 224A of the Companies Act, 1956	07/08/2012	Yes	N.A.
5.	Form 32	u/s 303(2)	Appointment of Mr. Vishwavir Saran Das as Additional Director w.e.f 22/10/2012	03/11/2012	Yes	N.A.
6.	Form 32	u/s 303 (2)	Appointment of Mr. Navalbir Kumar as alternate director to Dr. Rajiv B. Lall w.e.f 23/01/2013	21/02/2013	Yes	N.A.
7.	Form 32	u/s 303(2)	Cessation of Ms. Uttara Deka as Company Secretary w.e.f 27/11/2012	08/02/2013	No	Yes

KAUSHIK M. JHAVERI & CO.

Practising Company Secretary

KAUSHIK M. JHAVERI

C.P. No. 2592

Mumbai, April 23, 2013

Independent Auditors' Report

TO THE MEMBERS OF IDFC ASSET MANAGEMENT COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of IDFC ASSET MANAGEMENT COMPANY LIMITED (the Company), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

FOR S. V. GHATALIA & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 103162W

per **AMIT KABRA**

Partner

Membership No.: 94533

Mumbai, April 23, 2013

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 (c) There was no disposal of substantial part of fixed assets during the year.
- (ii) The Company does not hold any inventory. Hence, provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system in respect of this area.

The Company has not purchased any inventory or sold any goods during the year, hence adequacy of internal controls in respect of these areas have not been commented upon.

- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 of the Act have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, for the products of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues applicable to it.
 As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 As informed, the provisions of investor education and protection fund, employees' state insurance, sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.
- (c) According to the records of the Company, the dues outstanding of income-tax on account of any dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Income Tax Act, 1961	Income tax demand payable	1,964,130	AY 2009-10	Tribunal
	Income tax demand paid under dispute	791,327	AY 2007-08	Tribunal
		853,607	AY 2010-11	CIT(A)
	Income tax demand on PTC trust in which the Company was one of the beneficiaries	30,358,620	AY 2009-10	CIT(A)

According to the information and explanation given to us, there are no dues of service tax and cess which have not been deposited on account of any dispute.

As informed, the provisions of sales tax, wealth tax, excise duty and customs duty are currently not applicable to the Company.

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) As informed, the Company has not borrowed any sums from a financial institution, bank or debenture holders.
- (xii) Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

Annexure to the Auditors' Report

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by other from bank or financial institution.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

FOR S. V. GHATALIA & ASSOCIATES LLP

Chartered Accountants

ICAI Firm registration number: 103162W

per AMIT KABRA

Partner

Membership No.: 94533

Mumbai, April 23, 2013

Balance Sheet

AS AT MARCH 31, 2013

	NOTES	AS AT MARCH 31, 2013 (₹)	AS AT MARCH 31, 2013 (₹)	AS AT MARCH 31, 2012 (₹)
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
(a) Share capital	4	26,790,450		26,790,450
(b) Reserves and surplus	5	644,570,442		613,258,487
			671,360,892	640,048,937
NON-CURRENT LIABILITIES				
(a) Other long-term liabilities	6	-		11,314,273
(b) Long-term provisions	7	-		13,980,879
			-	25,295,152
CURRENT LIABILITIES				
(a) Other current liabilities	8	320,580,796		234,244,712
(b) Short-term provisions	9	235,098,069		26,317,349
			555,678,865	260,562,061
TOTAL			1,227,039,757	925,906,150
ASSETS				
NON-CURRENT ASSETS				
(a) Fixed assets				
Tangible assets	10	59,117,604		77,000,842
Intangible assets	11	11,125,265		5,627,423
			70,242,869	82,628,265
(b) Non-current investments	12	162,569,234		162,569,234
(c) Deferred tax assets (net)	13	20,186,000		25,981,000
(d) Long-term loans and advances	14	109,011,987		265,711,483
(e) Other non current assets	15	1,092,704		-
			292,859,925	454,261,717
			363,102,794	536,889,982
CURRENT ASSETS				
(a) Current investments	16	731,719,657		262,178,173
(b) Trade receivables	17	62,858,097		21,920,692
(c) Cash and bank balances	18	31,838,753		22,803,567
(d) Short-term loans and advances	14	37,520,456		81,859,878
(e) Other current assets	15	-		253,858
			863,936,963	389,016,168
TOTAL			1,227,039,757	925,906,150
Summary of significant accounting policies	3			

The accompanying notes are an integral part of the financial statements.

AS PER OUR REPORT OF EVEN DATE.

FOR S. V. GHATALIA & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Reg. No.103162W

AMIT KABRA
Partner
Membership No.94533

Mumbai | April 23, 2013

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

PRADIP MADHAVJI
Director

NIKHIL SANGHAI
Manager

BAKUL PATEL
Director

Statement of Profit and Loss

FOR THE YEAR ENDED MARCH 31, 2013

	NOTES	YEAR ENDED MARCH 31, 2013 ₹	YEAR ENDED MARCH 31, 2012 ₹
I INCOME			
Revenue from operations	19	1,596,643,521	1,100,023,010
Other income	20	40,478,488	21,219,513
TOTAL INCOME (I)		1,637,122,009	1,121,242,523
II EXPENSES			
Employee benefits expense	21	462,928,674	435,224,332
Depreciation and amortisation expense	10, 11	34,448,016	34,608,281
Other expenses	22	720,283,212	494,179,950
TOTAL EXPENSES (II)		1,217,659,902	964,012,563
III PROFIT BEFORE TAX (I - II)		419,462,107	157,229,960
IV TAX EXPENSE			
Current tax		147,279,000	62,900,000
Deferred tax		5,795,000	(9,353,000)
TOTAL TAX EXPENSE (IV)		153,074,000	53,547,000
V PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (III - IV)		266,388,107	103,682,960
Basic and diluted earnings per equity share (Nominal value of share ₹10)	28	99.43	38.75
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements.

AS PER OUR REPORT OF EVEN DATE.

FOR S. V. GHATALIA & ASSOCIATES LLP

Chartered Accountants
ICAI Firm Reg. No.103162W

AMIT KABRA

Partner
Membership No.94533

Mumbai | April 23, 2013

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

PRADIP MADHAVJI

Director

NIKHIL SANGHAI

Manager

BAKUL PATEL

Director

Cash Flow Statement

FOR THE YEAR ENDED MARCH 31, 2013

	YEAR ENDED MARCH 31, 2013 ₹	YEAR ENDED MARCH 31, 2013 ₹	YEAR ENDED MARCH 31, 2012 ₹
(A) CASH FLOW FROM OPERATING ACTIVITIES			
PROFIT / (LOSS) BEFORE TAXATION		419,462,107	157,229,960
Adjustment for:			
Add : Depreciation and amortisation		34,448,016	34,608,281
Add : Provision written back		(15,915,000)	(5,222,944)
Add : Lease escalation charge		(16,002,032)	7,028,586
Add : Fixed assets written off		125,469	10,938
Operating profit before working capital changes		422,118,560	193,654,821
Changes in working capital:			
(Increase)/decrease in long term loans and advances	13,502,052		9,331,904
(Increase)/decrease in other non current assets	(1,092,704)		1,213,436
(Increase)/decrease in trade receivables	(40,937,405)		4,890,440
(Increase)/decrease in short term loans and advances	44,339,422		(65,621,414)
(Increase)/decrease in other current assets	1,303,858		(1,303,858)
Increase/(decrease) in long term provisions	(13,980,879)		8,922,418
Increase/(decrease) in trade payables	-		(66,850,017)
Increase/(decrease) in other current liabilities	106,938,843		7,092,230
Increase/(decrease) in short term provisions	(2,943,033)		-
		107,130,154	(102,324,861)
Cash generated from/(used in) operations		529,248,714	91,329,960
Direct taxes paid		(4,081,556)	(1,721,292)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		525,167,158	89,608,668
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed asset including capital work-in-progress		(22,215,317)	(12,271,402)
Sale proceeds from fixed assets		27,228	19,648
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(22,188,089)	(12,251,754)
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Issue of equity shares		-	22,587,597
Dividend paid (including dividend tax)		(23,352,399)	-
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		(23,352,399)	22,587,597
Net increase/(decrease) in cash and cash equivalents (A + B + C)		479,626,670	99,944,511
Cash and cash equivalents as at beginning of the year		283,931,740	183,987,229
Cash and cash equivalents as at end of the year (refer note below)		763,558,410	283,931,740
COMPONENTS OF CASH AND CASH EQUIVALENTS		END OF THE YEAR	BEGINNING OF THE YEAR
Cash and bank balance as per note 18		31,838,753	22,803,567
Less : Fixed deposit under Lien		-	1,050,000
Add : Investment at cost as per note 16		731,719,657	262,178,173
		763,558,410	283,931,740

AS PER OUR REPORT OF EVEN DATE.

FOR S. V. GHATALIA & ASSOCIATES LLP

Chartered Accountants
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Mumbai | April 23, 2013

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

PRADIP MADHAVJI
Director

NIKHIL SANGHAI
Manager

BAKUL PATEL
Director

01 Nature of operations

IDFC Asset Management Company Limited ('the Company') is a public limited company, incorporated in India and regulated by The Securities Exchange Board of India (SEBI). The Company provides asset management services to IDFC Mutual Fund.

02 Basis of preparation

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. The accounting policies followed in the preparation of financial statements are consistent with those followed in the previous year.

03 Significant accounting policies

a Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b 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. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long-term investments are carried at acquisition cost. However, a provision is made for diminution other than temporary on an individual basis.

Current investments are carried at lower of cost or fair value on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to statement of profit and loss.

c Tangible fixed assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for the intended use, less accumulated depreciation and accumulated losses, if any. 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 depreciation. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

d 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 period is provided on a pro-rata basis. Assets costing ₹5,000 or less are fully depreciated in the year of purchase.

e Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over the estimated useful life. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

f Impairment of intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing of an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating units (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount

of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted for their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining net selling price, recent market transactions are taken into account. If available, if no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation. After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

As assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g Revenue recognitions

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. 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 and in accordance with SEBI guidelines.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established at the reporting date.

h Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reported currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transactions.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences

Exchange differences are recognised as income or as expenses in the period in which they arise.

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 statement of profit and loss on a straight line basis over the extended lease term.

j Retirement and other employee benefit

Retirement benefit in the form of provident fund and superannuation is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund and superannuation.

The Company operates a defined plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

k 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

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

l Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act 1961, enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

m Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

n 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.

o Earning per share

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

04 Share capital

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	₹	NUMBER	₹
AUTHORISED SHARES				
Equity shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
ISSUED, SUBSCRIBED & FULLY PAID-UP SHARES				
Equity shares of ₹ 10 each	2,679,045	26,790,450	2,679,045	26,790,450
Total Issued, Subscribed & Fully Paid-up Share Capital		26,790,450		26,790,450

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	₹	NUMBER	₹
Outstanding at the beginning of the year	2,679,045	26,790,450	2,674,002	26,740,020
Issued during the year	-	-	5,043	50,430
Outstanding at the end of the year	2,679,045	26,790,450	2,679,045	26,790,450

(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, 2013, dividend of ₹ 75/- per share is recognised as amount distributable to equity shareholder (March 31, 2012 ₹ 7.50 per share).

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

(c) Shares held by holding/ultimate holding company

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company are as below:

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	₹	NUMBER	₹
IDFC Limited (of which 6 shares are held jointly with employees)	2,009,283	20,092,830	2,009,283	20,092,830

(d) Details of shareholders holding more than 5% of the equity shares in the Company

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Limited (of which 6 shares are held jointly with employees)	2,009,283	75.00%	2,009,283	75.00%
Natixis Global Asset Management Asia Pte. Ltd.	669,762	25.00%	669,762	25.00%

05 Reserves and surplus

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
		₹		₹
(a) SECURITIES PREMIUM ACCOUNT				
Opening balance		221,897,167		199,360,000
Add : Premium on issue of equity shares		-		22,537,167
Closing balance		221,897,167		221,897,167
(b) CAPITAL REDEMPTION RESERVE				
Opening balance		197,925,000		197,925,000
Add : Transfer from statement of profit and loss		-		-
Closing balance		197,925,000		197,925,000
(c) GENERAL RESERVE				
Opening balance		38,720,000		28,350,000
Add : Transfer from statement of profit and loss		26,639,000		10,370,000
Closing balance		65,359,000		38,720,000
(d) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS				
Opening balance		154,716,320		84,755,759
Profit for the year		266,388,107		103,682,960
Less: Appropriations				
General reserve		26,639,000		10,370,000
Proposed dividend on equity shares [₹ 75/- per share (Previous Year ₹ 7.5 per share)]		200,928,375		20,092,838
Tax on proposed equity dividend		34,147,777		3,259,561
Total appropriations		261,715,152		33,722,399
Net surplus in the statement of profit and loss		159,389,275		154,716,320
		644,570,442		613,258,487

06 Other long-term liabilities (refer note 31)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
		₹		₹
Lease equalisation account		-		11,314,273
		-		11,314,273

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

07 Long-term provisions

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
	₹	₹
Provision for employee benefits	-	13,980,879
	-	13,980,879

08 Other current liabilities (refer note 31)

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
	₹	₹
Lease equalisation account	11,314,273	16,002,032
Statutory dues payable	7,815,419	2,105,248
Other payables	301,451,104	216,137,432
	320,580,796	234,244,712

09 Short-term provisions

	AS AT MARCH 31, 2013	AS AT MARCH 31, 2012
	₹	₹
Provision for employee benefits	21,917	2,964,950
Other Provisions		
Proposed equity dividend	200,928,375	20,092,838
Tax on proposed equity dividend	34,147,777	3,259,561
	235,098,069	26,317,349

10 Tangible assets

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT APRIL 1, 2012	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT APRIL 1, 2012	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT MARCH 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Leasehold improvements	75,175,482	1,638,490	13,950	76,800,022	39,503,949	16,174,708	10,434	55,668,223	21,131,799	35,671,533
Furniture and fixtures	18,701,091	341,082	-	19,042,173	8,508,226	1,943,691	-	10,451,917	8,590,256	10,192,865
Office equipment	34,201,758	4,853,336	756,418	38,298,676	13,651,734	5,108,152	646,991	18,112,895	20,185,781	20,550,024
Computers	47,029,276	4,116,342	320,977	50,824,641	36,442,856	5,453,240	281,223	41,614,873	9,209,768	10,586,420
TOTAL	175,107,607	10,949,250	1,091,345	184,965,512	98,106,765	28,679,791	938,648	125,847,908	59,117,604	77,000,842
Previous year	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	

11 Intangible assets

	GROSS BLOCK				ACCUMULATED AMORTISATION				NET BLOCK	
	BALANCE AS AT APRIL 1, 2012	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT APRIL 1, 2012	AMORTISATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT MARCH 31, 2013	BALANCE AS AT MARCH 31, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Computer software	30,572,589	11,266,067	-	41,838,656	24,945,166	5,768,225	-	30,713,391	11,125,265	5,627,423
TOTAL	30,572,589	11,266,067	-	41,838,656	24,945,166	5,768,225	-	30,713,391	11,125,265	5,627,423
Previous year	26,257,474	4,315,115	-	30,572,589	18,580,143	6,365,023	-	24,945,166	5,627,423	
TOTAL TANGIBLE & INTANGIBLE ASSETS	205,680,196	22,215,317	1,091,345	226,804,168	123,051,931	34,448,016	938,648	156,561,299	70,242,869	82,628,265
Previous year	194,032,402	12,271,402	623,608	205,680,196	89,036,671	34,608,281	593,021	123,051,931	82,628,265	

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

12 Non-current investments (Trade, at cost unless stated otherwise)

	FACE VALUE (₹)	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
		QUANTITY	(₹)	QUANTITY	(₹)
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

13 Deferred tax asset (net)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	(₹)	(₹)	(₹)	(₹)
Deferred tax asset				
(a) Provisions		3,846,000		5,499,000
(b) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting		16,340,000		11,467,000
(c) Others		-		9,015,000
		20,186,000		25,981,000
DEFERRED TAX ASSET (NET)		20,186,000		25,981,000

14 Loans and advances (unsecured, considered good)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
	(₹)	(₹)	(₹)	(₹)
Loans and advances to related parties (refer note 26)	-	-	-	794,160
Loans and advances to employees	-	425,833	-	1,364,689
Security deposits	54,825,658	699,040	70,115,501	36,812,000
Other deposits	372,850	-	374,850	-
Capital/supplier advances	473,641	668,836	6,241,101	-
Other loans and advances				
Advance tax (Net of provision ₹501,304,601/-; Previous year ₹354,025,601/-)	36,550,892	-	179,748,336	-
Fringe benefit tax (Net of provision ₹12,072,000/-; Previous year ₹12,072,000/-)	366,813	-	366,813	-
Balances with government authorities - Service tax credit receivable	-	7,944,504	-	14,630,790
Prepaid expenses	16,422,133	27,782,243	8,864,882	28,258,239
	109,011,987	37,520,456	265,711,483	81,859,878

15 Other assets (unsecured, considered good)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
	(₹)	(₹)	(₹)	(₹)
Non-current fixed deposit with a bank	1,050,000	-	-	-
Interest accrued on bank deposits	42,704	-	-	253,858
	1,092,704	-	-	253,858

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

16 Current investments

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	QUANTITY	(₹)	QUANTITY	(₹)
INVESTMENT IN MUTUAL FUNDS (UNQUOTED)				
IDFC Money Manager Fund - Treasury Plan C - Growth	106,171	1,353,723	12,341,175	157,040,224
IDFC Dynamic Bond Fund - Growth - (Regular Plan)	23,164,171	299,914,946	4,098,293	50,000,000
IDFC Super Saver Income Fund - Medium Term Plan B - Growth	4,838,615	55,137,949	4,838,615	55,137,949
IDFC Dynamic Bond Fund - Growth - (Direct Plan)	13,305,186	185,000,000	-	-
IDFC Ultra Short Term Fund - Growth - (Direct Plan)	3,705,119	60,313,039	-	-
		601,719,657		262,178,173
Aggregate amount of investments in unquoted mutual funds				
Cost		601,719,657		262,178,173
Market value (Net asset value)		637,879,101		264,514,914
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.				
INVESTMENT IN MUTUAL FUNDS (QUOTED)				
IDFC Fixed Term Plan Series 9 Direct Plan - Growth	3,000,000	30,000,000	-	-
IDFC Fixed Maturity Plan 366 Days Series 82 - Growth	10,000,000	100,000,000	-	-
		130,000,000		-
Aggregate amount of investments in quoted mutual funds				
Cost		130,000,000		-
Market value (Net asset value)		132,731,900		-
TOTAL CURRENT INVESTMENTS		731,719,657		262,178,173

17 Trade receivables (unsecured, considered good)

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
	(₹)	(₹)	(₹)	(₹)
Outstanding for a period less than six months	-	62,858,097	-	21,920,692
		62,858,097		21,920,692

18 Cash and bank balances

	AS AT MARCH 31, 2013		AS AT MARCH 31, 2012	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
	(₹)	(₹)	(₹)	(₹)
CASH AND CASH EQUIVALENTS				
Balances with banks:				
In current accounts	-	31,838,753	-	21,753,567
		31,838,753		21,753,567
OTHER BANK BALANCES				
Fixed deposits with original maturity for 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)	-	-	-
		31,838,753		22,803,567

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

19 Revenue from operations

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Management fees (Net of service tax ₹197,356,010/- ; Previous year ₹113,293,375/-)	1,596,643,521	1,100,023,010
	1,596,643,521	1,100,023,010

20 Other income

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Interest on income tax refund	16,486,196	6,561,958
Other interest	89,000	90,423
Dividend income	5,494,234	8,061,499
Net gain/loss on sale of current investments	2,341,206	6,305,457
Miscellaneous income	152,852	200,176
Provision written back (refer note (a) below)	15,915,000	-
	40,478,488	21,219,513

(a) Property tax provided for corporate office upto March 2012 has been written back as the liability is extinguished as per the new terms of the lease.

21 Employee benefits expense

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Salaries and bonus	419,983,344	385,470,683
Contribution to provident and other funds	12,758,995	11,845,082
Gratuity	11,568,967	10,553,957
Expense under the ESOS	458,441	5,222,944
Staff welfare expenses	18,158,927	22,131,666
	462,928,674	435,224,332

(a) Expense under the ESOS is paid to IDFC Limited towards ESOS grants given to the employees of the Company by the parent company under the IDFC ESOS 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.

(b) Salaries and bonus includes shortfall of bonus provision for year ended March 31, 2012 of ₹ 11,943,000/- on account of change in estimate in provision of bonus.

22 Other expenses

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Rent	91,168,502	121,899,446
Rates & taxes	1,727,286	7,228,873
Electricity	11,825,344	10,782,667
Repairs and maintenance		
Buildings	959	119,338
Equipments	2,537,387	1,845,659
Others	23,351,203	21,389,822

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Insurance charges	1,374,110	1,537,655
Travelling and conveyance	22,584,721	22,298,635
Printing, stationery and postage	16,386,343	4,380,151
Communication costs	16,108,790	11,501,228
Advertising and publicity	23,893,652	14,930,465
Brokerage expenses	251,726,336	73,638,929
Listing & rating fees	1,289,450	1,028,241
Loss on sale of fixed assets (net)	119,469	10,938
Professional fees	127,279,857	82,911,392
Directors' sitting fees	420,000	440,000
Membership and subscription	21,303,962	16,171,535
Auditors' remuneration (refer note (a) below)	862,539	982,095
Scheme issue expenses (refer note (b) below)	54,101,935	23,176,633
Shared service cost (refer note (c) below)	19,754,481	11,426,368
Operational costs (refer note (e) below)	18,631,654	58,157,064
Miscellaneous expenses	13,835,232	8,322,816
	720,283,212	494,179,950

(a) Break up of auditors' remuneration:

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Audit fee	550,000	550,000
Tax audit fee	200,000	200,000
Other services	90,000	210,000
Out of pocket expenses	22,539	22,095
	862,539	982,095

(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 (Net of ₹3,756,360/- recovered).

(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.

(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 ₹3,975,709/- has been incurred over and above provisions made in FY 2011-12 and recognised in the current year.

23 Expenditure in foreign currency (on accrual basis)

	YEAR ENDED MARCH 31, 2013	YEAR ENDED MARCH 31, 2012
	₹	₹
Advertising - Media	-	56,897
Books and periodicals	10,194	19,302
Computer software and subscription	1,136,206	1,318,681
Filing fees	20,829	18,902
Foreign travel	84,903	217,027
Other professional fees	-	43,652
Realised loss - Foreign exchange	2,650	-

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

24 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:

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Provident fund	11,799,550	11,141,655
Superannuation fund	1,420,785	1,191,298
Pension fund	959,445	703,427

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

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:		
Liability at the beginning of the year	16,945,829	10,974,963
Current service cost	7,606,790	6,757,729
Interest cost	2,081,682	1,439,386
Liabilities extinguished on settlement	-	-
Liabilities assumed on acquisition / (settled on divestiture)	-	-
Benefits paid	(2,595,569)	(1,677,285)
Actuarial loss	87,647	1,221,967
Past Service Cost	1,770,931	-
Closing Defined Benefit Obligation	25,897,310	18,716,760
Unrecognised Past Service Cost	-	1,770,931
Liability at the end of the year	25,897,310	16,945,829
FAIR VALUE OF PLAN ASSETS:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	24,629,006	1,677,285
Benefits paid	(2,595,569)	(1,677,285)
Actuarial gain / (loss) on plan assets	3,863,873	-
Unrecognised past service cost	590,310	-
Fair value of plan assets at the end of the year	26,487,620	-
Total actuarial loss / (gain) to be recognised	(3,776,226)	-
ACTUAL RETURN ON PLAN ASSETS:		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	3,863,873	-
Actual return on plan assets	3,863,873	-
AMOUNT RECOGNISED IN THE BALANCE SHEET:		
Liability at the end of the year	25,897,310	16,945,829
Fair value of plan assets at the end of the year	(26,487,620)	-
Amount recognised in the balance sheet under "Provision for employee benefits"	(590,310)	16,945,829
EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:		
Current service cost	7,606,790	6,757,729
Interest cost	2,081,682	1,439,386
Expected return on plan assets	-	-
Net actuarial loss / (gain) to be recognised	(3,776,226)	1,221,967
Past Service Cost	1,180,621	1,180,621

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Loss/(Gains) on Acquisition / Divestiture	-	-
Liabilities assumed on acquisition/ (settled on divestiture)	-	-
Expense recognised in the statement of profit and loss under staff expenses	7,092,867	10,599,703
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:		
Opening net Liability	16,945,829	8,023,411
Expense recognised	7,092,867	10,599,703
Contribution by the Company	(24,629,006)	(1,677,285)
Amount recognised in the balance sheet under "Provision for employee benefits"	(590,310)	16,945,829
Expected employer's contribution next year	7,000,000	2,964,950

Experience adjustments:

	MARCH 31, 2013	MARCH 31, 2012	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2009
	₹	₹	₹	₹	₹
Defined benefit obligation	25,897,310	18,716,760	10,974,963	3,718,700	2,000,718
Plan assets	25,897,310	-	-	-	-
Surplus/(deficit)	-	(18,716,760)	(10,974,963)	(3,718,700)	(2,000,718)
Exp. Adj. on Plan Liabilities	(782,789)	1,136,092	2,504,509	(326,961)	-
Exp. Adj. on Plan Assets	3,863,873	-	-	-	-

	MARCH 31, 2013	MARCH 31, 2012
	%	%
PRINCIPAL ASSUMPTIONS:		
Discount rate (p.a.)	8.05	8.38
Expected rate of return on assets (p.a.)	8.00	-
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.

25 The Company is an Asset Management Company to IDFC Mutual Fund business. During the year ended March 31, 2013, 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.

26 Related party disclosures

Names of the related parties where control exists irrespective of whether transactions have been occurred or not:

I Holding Company:

IDFC Limited

Names of the related parties with which there are transactions during the year:

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:

Mr. Naval Bir Kumar - Vice Chairman

Mr. Kalpen Parekh - CEO

Mr. Nikhil Sanghai - Manager

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

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

		MARCH 31, 2013	MARCH 31, 2012
		₹	₹
I. Holding Company:			
IDFC Limited	Reimbursement of expenses	9,213,464	9,459,634
	ESOP cost paid	458,441	5,222,944
	Shared service cost paid	23,510,841	16,702,728
	Recovery of expenses	731,931	-
II. Subsidiaries:			
IDFC Investment Advisors Limited	Reimbursement of expenses	26,838	100,370
	Deputation charges paid	2,154,286	6,969,560
	Recovery of expenses	3,075,723	1,169,890
	Business centre fees recovered	2,676,000	2,676,000
	Free of cost service - salary cost of manager reimbursible to subsidiary	-	-
IDFC Pension Fund Management Company Limited	Recovery of expenses	3,521,869	2,465,602
	Business centre fees and support cost recovered	1,080,360	1,080,360
	Balance receivable	-	794,160
III. Fellow Subsidiaries:			
IDFC AMC Trustee Company Limited	Recovery of expenses (net of reimbursement)	175,704	264,033
IDFC Capital Limited	Business centre fees recovered	-	1,520,000
IV. Key Management Personnel:			
Mr. Naval Bir Kumar	Remuneration paid	38,000,000	34,110,180
	Reimbursement of business expenses	79,620	198,141
Mr. Kalpen Parekh	Remuneration paid	18,119,602	-
	Reimbursement of business expenses	118,349	-
Mrs. Jyothi Krishnan	Remuneration paid	-	1,167,329
	Advances Recoverable / (Payable) – Balance outstanding	-	250,000

27 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 :

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Not later than one year	42,000	96,000
Later than one year and not later than five years	583	42,583

- ii. The Company has taken vehicles for five employees under cancellable operating leases which is included under staff expenses as follows:

NAME OF THE LESSOR	EARLIEST EXPIRY DATE	LATEST EXPIRY DATE	MARCH 31, 2013	MARCH 31, 2012
			₹	₹
LeasePlan India Limited	October 2012	-	132,968	559,001
ALD Automative Private Limited	January 2015	September 2016	914,491	764,670

- iii. 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.

Notes to financial statements

FOR THE YEAR ENDED MARCH 31, 2013

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

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Not later than one year	76,865,431	40,732,558
Later than one year and not later than five years	63,585,235	8,032,554

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

28 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:

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
Net profit after tax	266,388,107	103,682,960
Net amount available for equity shareholders	266,388,107	103,682,960
Weighted average number of equity shares (Nos.)	2,679,045	2,675,573
Earning per share in (₹)	99.43	38.75

29 Estimated amount of contracts remaining to be executed and not provided for ₹ 4,337,373/- (Previous Year ₹ 14,038,113/-).

30 Contingent liabilities not provided for in respect of :

	MARCH 31, 2013	MARCH 31, 2012
	₹	₹
(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
ii. Income-tax demand, disputed by the Company in respect of A.Y. 2007-08. The matters in dispute are under appeal.	791,327	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
iv. Income-tax demand, disputed by the Company in respect of A.Y. 2010-11. The matters in dispute are under appeal.	853,607	-
(b) Bank guarantees issued on behalf of a subsidiary	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	1,785,801

31 As per information available with the Company, there are no micro, small or medium enterprises as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006', to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

32 As per SEBI circular dated September 26, 2012 effective October 1, 2012, sub regulation 2 of regulation 52 has been amended. With this amendment the sub limits in the total expense ratios (TER), for charging investment management fees, have been abolished. Accordingly w.e.f. January 1, 2013, the Company while adopting the regulations, has borne all scheme expenses like R&T Fees, Custody Fees etc barring only Brokerage, Scheme Audit Fees & Trusteeship Fees. However it has charged equivalent management fees in lieu of the expenses borne by it to the schemes.

33 The figures for the previous year have been regrouped wherever necessary, in order to make them comparable to the current period.

34 The figures of previous year ended March 31, 2012 were audited / reviewed by a firm of Chartered Accountants other than S.V.Ghatalia & Associates LLP.

Statement Pursuant to Section 212

OF THE COMPANIES ACT, 1956

NAME OF SUBSIDIARY COMPANY	IDFC INVESTMENT ADVISORS LIMITED	IDFC PENSION FUND MANAGEMENT COMPANY LIMITED	IDFC INVESTMENT MANAGERS (MAURITIUS) LTD.	
	₹	₹	USD	₹
The Financial year of the Subsidiary Companies ended on	March 31, 2013	March 31, 2013	March 31, 2013	
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%	50.01%	100%	-
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, 2013	-	-	-	-
(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, 2013	60,015,962	164,186	(54,385)	(2,954,251)
(b) for previous financial years of the subsidiaries since these became subsidiaries of IDFC Asset Management Company Limited.	103,180,788	1,532,462	115,963	5,576,567

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

PRADIP MADHAVJI
Director

BAKUL PATEL
Director

NIKHIL SANGHAI
Manager

Mumbai | April 23, 2013